IEO
Independent Evaluation Office
of the International Monetary Fund

BACKGROUND PAPER

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IMF Collaboration with the World Bank on Macro-Structural Issues: Experience with the Pilot Programs

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IMF Collaboration with the World Bank on Macro-Structural Issues: Experience with the Pilot Programs

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ABBREVIATIONS

ADB	Asian Development Bank
APD	Asia and Pacific Department (IMF)
ASPIRE	Atlas of Social Protection Indicators of Resilience and Equity (World Bank)
CCPA	Climate Change Policy Assessment
CEQ	Commitment to Equity Institute
CSO	civil society organization
DFID	Department for International Development (United Kingdom)
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EBRD	European Bank for Reconstruction and Development
EMDC	emerging market and developing country
FAD	Fiscal Affairs Department (IMF)
G20	Group of Twenty
IADB	Inter-American Development Bank
ILO	International Labour Organization
IO	international organization
KE	Knowledge Exchange (IMF)
LIC	low-income country
LIDC	low-income developing country
OECD	Organisation for Economic Cooperation and Development
RDB	regional development bank
RES	Research Department (IMF)
SDN	Staff Discussion Note
SDGs	Sustainable Development Goals
SIP	Selected Issues Paper
SPL	Social Protection and Labor
SPR	Strategy, Policy, and Review Department (IMF)
TSR	Triennial Surveillance Review
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children’s Fund
WEO	World Economic Outlook
WHD	Western Hemisphere Department (IMF)
WTO	World Trade Organization

I. INTRODUCTION[1]

1. This paper provides background for the IEO evaluation of IMF Collaboration with the World Bank on Macro-structural Issues (IEO, 2020). The paper examines in detail IMF collaboration with the World Bank on inequality, gender, climate change and macro-structural reforms, in the context of pilot programs launched in 2014 and 2016 to help the Fund enhance analysis and policy advice on these issues.[2]

2. The paper relies on desk reviews of IMF publications and internal documents and interviews with IMF and World Bank staffs, as well as interviews with staff of other international organizations and external stakeholders. A parallel paper (Pedraglio, 2020) summarizes the results of surveys of IMF and World Bank staffs undertaken as part of the IEO evaluation. Following the introduction, the second section provides an overview of the pilot programs, including their origins, a description of the common elements across the pilots, the intended role of collaboration, and how the pilots evolved and were concluded. The subsequent four sections consider each of the four pilots in more detail, examining IMF collaboration with the World Bank, and to some degree other organizations, on the issues targeted by each pilot.

3. Overall, the paper finds that IMF collaboration with the World Bank on macro-structural issues during 2014–19 was broad but uneven. There were cases of fruitful joint work, but collaboration in the context of the pilot programs was often not very deep or consistent. The intended approach of leveraging the expertise of other institutions to augment IMF work frequently ran into challenges rooted in differing organizational structures and cultures. This contributed to missed opportunities for the Fund to add value to its work with member countries and to gain traction for its advice. These findings suggest that the IMF needs a more considered, strategic approach to enhance Fund engagement with the World Bank on key macro-structural issues for the benefit of both institutions and their shareholders.

II. PILOT PROGRAMS: OVERVIEW AND CONTEXT

A. Background and Origins of Pilots

4. Although attention to structural issues traces back decades in the IMF, the institution has increased its focus on these areas in the last ten years, as part of international efforts to help strengthen long-term growth potential. Starting in 2014, the IMF launched pilot programs to help identify through experience how best to integrate these issues, and to help identify best

[1] The authors would like to thank Arun Bhatnagar for excellent administrative support.

[2] The evaluation was completed in March 2020 prior to the onset of the COVID-19 crisis. At the time of the Executive Board discussion of the evaluation in November 2020, the IEO updated the Board on key developments in Bank Fund collaboration on macro-structural issues since March. These developments do not change the substance of this background paper.

practices going forward in areas where the institution has not had well-established conceptual frameworks and operational experience.

5. IMF work on each of the issues targeted by each of the four pilots has a somewhat different history and motivation, which is detailed in each section below. The pilot model was seen by Fund staff as a "learning by doing" mechanism to help build institutional experience while making use of expertise already present in the institution and allowing staff teams latitude to consider what approach might work best for their needs and circumstances (IMF, 2018f). In the pilots discussed here, teams were encouraged to draw on expertise outside the IMF where needed, as discussed further below.

6. Pilot programs were launched in September 2014 on inequality, gender, and climate change/energy; the pilot program on macro-structural reforms was launched in late 2016. The pilots had similar structures and characteristics as well as some differences, as will be detailed further in Section II below. In summary, a subset of IMF country teams in all area departments participated in each pilot in the context of Article IV surveillance. These teams received support from a centralized team of functional department staff as well as targeted training.[3] Outputs included boxes in Article IV surveillance staff reports, Selected Issues Papers (SIPs), and in some cases Working Papers; under some pilots, these outputs benefited from dedicated review by specialists on the pilot topic who focused on integration of the issue into the broader macroeconomic and policy context. In three of the four pilots, formal Advisory Groups composed of senior IMF staff provided overall coordination and guidance, helped put together a dedicated knowledge base, and facilitated the sharing of lessons and best practice among Fund teams. In the macro-structural reform pilot, coordination and oversight was provided by senior staff from the Research (RES) and Strategy, Policy and Review (SPR) Departments.

B. Role of Collaboration

7. The idea of leveraging outside expertise to enhance surveillance where appropriate was not new to the pilots; indeed it has been a stated Fund objective for more than thirty years (Gutner, 2020). The ambition to rely on this approach for macro-structural issues was articulated as early as the 2011 Triennial Surveillance Review (TSR), which recommended that Article IV surveillance cover macro-social issues judged critical to assessing stability by leveraging the expertise of other organizations (IMF, 2011a). The 2014 TSR further emphasized the importance of collaboration, asserting that "in a budget-neutral environment and with the gamut of potentially macro-critical structural policies expanding, it will be essential for the Fund to build more effective partnerships with other organizations" (IMF, 2014a). At that time, staff conceived some form of "broader institutional mechanisms for collaboration" in order to help "engage with

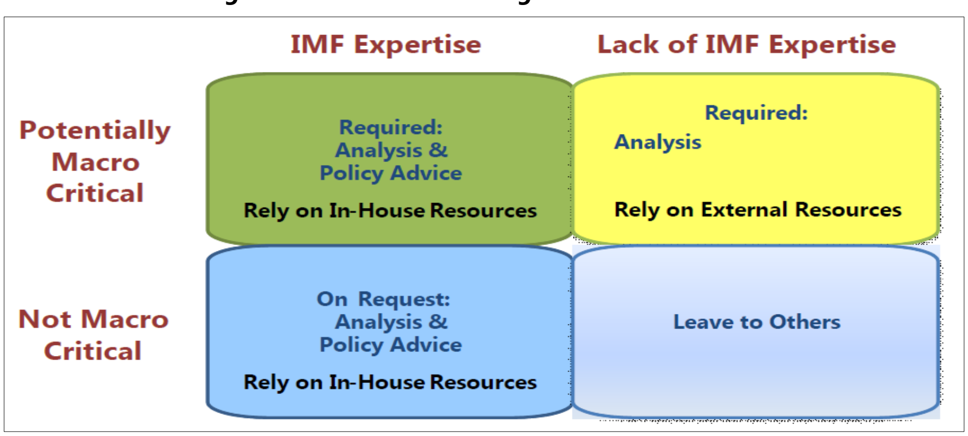
[3] Country teams were identified to participate in the pilot based on staff judgments about whether the structural issue was deemed macro-critical, whether there were likely sizable policy gaps, and whether teams expected authorities to be receptive to analysis and advice on the target issue (IMF, 2014c). The full list of countries covered by the pilots is provided in Annex 1.

other technical partners and embed that expertise within Fund surveillance" and floated the possibility of "cross-agency task forces on specific issues" as one vehicle for working more closely with partners such as the ILO, OECD, and World Bank (IMF, 2014a). In discussing the 2014 TSR, Directors took the view that there was scope to enhance collaboration with other international organizations where strong expertise exists (IMF, 2014b).

8. To operationalize this vision of leveraging expertise from outside the organization where appropriate, the 2015 guidance for staff in undertaking Article IV surveillance set out a framework to help country teams decide when and how to collaborate. Under this framework, when structural issues were found to be macro-critical and there was sufficient expertise within the IMF, teams were required to provide both analysis and policy advice, drawing on technical assistance and cross-country experience. For structural issues that were macro-critical but where IMF expertise was lacking, staff were instructed to "analyze the issue, drawing on expertise from other organizations (e.g., the OECD on product markets, the ILO and OECD on labor markets, and the World Bank on the structural aspects of the health and education sectors, and infrastructure needs) … but were not "expected to provide specific policy advice" (IMF, 2015a). Instructions were also provided for structural issues that were not macro-critical, with staff allowed to conduct analysis if there was sufficient expertise in the IMF but told to leave analysis and advice to others in areas that were not macro-critical and where the Fund did not have expertise.

9. This framework was summarized in matrix form (Figure 1). The matrix may have over-simplified the message to staff—minimizing the need to engage or collaborate with others where the Fund country team took the view that there was sufficient expertise within the IMF while not considering the importance of taking into account different but relevant approaches and expertise outside the Fund. That said, in the section on surveillance in low-income countries (LICs), the Guidance Note separately emphasized that "collaboration with the World Bank and other development agencies is paramount, as core expertise in most topics relevant for LICs is housed in these institutions" (IMF, 2015a).

Figure 1. Criteria for Coverage of Structural Issues



Source: IMF (2015a).

10. When the inequality, gender and energy/climate pilots were launched in 2014, collaboration with other relevant institutions (as well as experts and academics) was seen as something that "could be encouraged where needed" (IMF, 2014c). Over time, the role envisioned for collaboration with external organizations grew. Discussions in 2015 of how the IMF would support the 2030 Sustainable Development Goals (SDGs) along with international partners contributed to an increasing emphasis on inequality, gender, and climate issues, with the staff paper explaining that work in support of the SDGs would contribute to "the international effort in these areas including through deeper collaboration with relevant organizations such as the World Bank" (IMF, 2015c).

11. A 2016 internal note describing discussions between management and staff stated that the objective of seeking outside collaboration across the pilots was "to obtain access to state of the art outside knowledge, which could improve policy outcomes and avoid the need to build up expertise in-house" (IMF, 2016e).[4] Further, given concerns that "some of this work [on emerging macro-critical issues] was outside the Fund's traditional area of operation and was eating away at resources already in short supply," the note indicated agreement between senior staff and management that "there should be even greater emphasis on collaborating with other IFIs or leveraging contacts with external experts" (IMF, 2016e). This note also characterized collaboration as "a two-way street, bringing specific knowledge and best practices into the Fund, and communicating the Fund's views and requirements to outside partners" (IMF, 2016e). For the macro-structural reforms pilot, IMF staff explicitly sought to engage other organizations in such a partnership by reaching out to the World Bank (as well as OECD and ILO) in the early stages of the macro-structural reforms pilot to explore how to facilitate collaboration and set out a loose framework under which it would take place (discussed further in Section VI below).

12. It is worth noting that, in addition to collaboration being seen as a tool to achieve the IMF's objectives on structural and emerging issues, the pilots were also seen as a way to help Fund staff learn to collaborate. In a memo to management proposing the establishment of the pilots, departments argued that one of the benefits of using a pilot approach to undertake this work was that it could "help the Fund learn lessons on how to engage outside experts, especially other IFIs where our record of success has been mixed" (IMF, 2014d).

C. Evolution and Conclusion of Pilots

13. The pilots evolved somewhat as they were implemented. Along the way, staff assessed the work of country teams, particularly how work on the target issues was being integrated with the broader macroeconomic context and policy advice. Assessments of collaboration varied by pilot, as discussed below. IMF staff concluded that collaboration was making some contribution—arguing in an assessment of the second wave of the first three pilots that "the use

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[4] In an interview in May 2016, senior IMF staff noted that the key to working on these topics "lies in adopting a pragmatic approach that leverages inside expertise where available but otherwise relies on collaboration with outside experts and institutions" (IMF, 2016d).

of external expertise and databases helped to mitigate knowledge and resource constraints" (IMF, 2017e). Yet these assessments typically also called for further efforts to enhance collaboration, particularly in the case of the macro-structural reforms pilot (see Section VI below).

14. Given that the pilots were intended as limited term initiatives, staff began to draw them to a conclusion. In a memorandum to Management in September 2017, staff laid out future plans for pilot initiatives underway at the time—including but not limited to the four pilots discussed in this paper (IMF. 2017i).[5] This memo proposed that the pilots on inequality, gender, and macro-structural reforms be mainstreamed in 2018–19 and that the pilot on energy/climate be concluded without mainstreaming.[6] For inequality and gender, staff judged that sufficient internal expertise and support infrastructure had been built up, while for climate work the view at the time was that this threshold had not yet been reached (beyond the more traditional work on energy subsidies).[7] Mainstreaming meant that future Article IV staff reports would include a "well-integrated analysis of an issue … where it is macro-critical, with a view to strengthening policy advice" but with "no expectation that "mainstreamed" issues would be covered in depth every year" (IMF, 2017i).[8] It was envisioned that bilateral surveillance would continue to cover energy/climate issues where appropriate and that climate issues would also be more center-stage in multilateral surveillance. Further, the Managing Director's Global Policy Agenda in October 2019 highlighted her intention for the Fund to increase its attention on climate change (IMF, 2019g).

15. In May 2019, SPR wrote to management to indicate that the gender, inequality and macro-structural reform pilots were largely concluded (IMF, 2019b). They noted that "there is now a core group of staff across the institution familiar with these issues, and the necessary infrastructure to support future work is also largely in place." Staff made several recommendations to help ensure that "momentum and infrastructure are not degraded," including extending or creating an Advisory Group for each target area, assigning clear responsibilities for maintaining and deepening the knowledge base; and establishing a planning

[5] Other pilots discussed in the same context focused on macro-financial issues, fiscal space assessment, domestic resource mobilization, infrastructure policy support, and international taxation.

[6] Staff indicated that to be mainstreamed, a topic should: "be relevant for a significant share of the membership at a bilateral surveillance level; create value-added in analysis and policy advice comparable to other core surveillance work without undue resource costs; and be grounded on sufficient internal expertise and experience, taking into account our capacity to draw on other institutions" (IMF, 2017i).

[7] Staff noted that macro-structural reforms were a traditional area of Fund focus and expertise, and that the pilot had focused on improving analytical approaches and frameworks and better integrating these issues in staff reports (IMF, 2017i).

[8] The memo specified that, "as is laid out in the Guidance Note for Surveillance, Article IV reports should be selective and focus on the issues and themes that are relevant for stability with clear advice on an appropriate mix of policies. Staff is not expected to cover the issues as if they were a checklist. Rather selectivity – including from year to year for any given country – is critical, bearing in mind the focus on individual members' stability as well as the effective operation of the international monetary system" (IMF, 2017i).

and reporting tool for country work on these issues. This note did not discuss the state of collaboration with the World Bank or other external organizations under the pilots nor specify plans for such collaboration going forward.

16. In September 2019, management approved new leadership and composition for Advisory Groups on inequality, gender, and macro-structural reforms in order to support integration of these issues across Article IV surveillance. Management also approved at that time creation of an Advisory Group on climate issues, on which the IMF is now ramping up engagement.

D. Resource Issues

17. As they monitored experiences with the pilots, IMF staff came to varying conclusions about the resource implications. In discussing mainstreaming (of the inequality, gender, and macro-structural pilots), staff asserted that the "good working relationships with external institutions with complementary skills and expertise … should help keep resource costs manageable when mainstreaming these initiatives;" at the same time, they also conceded that "there could be additional resource implications and opportunity costs for departments, including from … increased outreach and external engagement around the Fund's work in these areas" (IMF, 2017i). Directors reiterated the importance of leveraging the resources of other institutions given budget constraints when staff briefed the Executive Board in October on the planned mainstreaming of inequality and gender issues (IMF, 2017m).

18. As part of the 2018 Interim Surveillance Review (ISR), Fund teams were asked to provide an approximate assessment of the resource implications of their work under the pilots. Further details about each pilot are discussed in the relevant sections below; see also Annex 2 for summary findings. While payoffs for the pilots as a whole were found to be positive in helping to improve the quality of policy advice, the estimated cost, in staff's view was relatively modest (IMF, 2018f). The ISR concluded that pilot work in general had higher start-up costs, especially when the initiative tackled "more complicated topic areas," though this declined as country teams built up knowledge and experience (IMF, 2018e). No estimate of the contribution of external collaboration was made at that point.

III. Pilot Program on Inequality

A. Background

19. IMF attention to distributional issues dates back at least as far as the 1980s, when the institution began to recognize the potential effects of structural adjustment programs on the poor (Abrams, 2017). This was discussed in a 1995 publication on "Social Dimensions of the IMF's Policy Dialogue" (IMF, 1995), and guidance notes were issued shortly afterward to staff on addressing income distribution and social expenditures (IMF, 1996; 1997).

20. The IMF renewed its attention on these issues in the wake of the global financial crisis, spurred by increasing attention to inequality and lack of inclusive growth. Other global development (such as the Arab Spring), the writings of prominent economists (e.g., Stiglitz), and the interest of then Managing Director Lagarde, also contributed to the Fund's efforts to consider how to better address inequality in its work. The 2011 Triennial Surveillance Review discussed broadening surveillance to include "macro-social" issues such as inequality and led to an effort to achieve "better coverage of issues involving unemployment, inequality and inclusive growth, where they are macro-critical, leveraging expertise in other organizations" (IMF, 2011b).[9]

21. A stream of research and cross-country work on inequality emerged thereafter, initially focusing on jobs and growth, with a 2013 guidance note stressing the importance of incorporating labor market and distributional issues in surveillance and program work (IMF, 2013). Subsequent research by IMF staff helped clarify the relationship between inequality and growth and moved into a broader range of issues including the distributional impact of pro-growth policies and reforms, the redistributive role of fiscal policies, and policies and tools for achieving inclusive and sustainable growth.[10] Further, the IMF made a commitment as part of the 2030 Agenda for Sustainable Development (SDGs) to intensify its policy and analytical work on issues related to inclusive growth, incorporating inequality as well as other issues such as gender. In this context, the IMF also pledged to increase the impact of its research on operational country work (IMF, 2015b).[11]

22. As described above, to help organize efforts in the Fund to carry this work into country cases, the institution launched a pilot program in 2015 to better understand how to effectively integrate distributional issues and add value to its work with countries.

B. Pilot Mechanics

23. The inequality pilot took place in three waves including IMF staff teams working on 41 countries (see Annex 1). An Advisory Group was established in 2015; this group was jointly led by senior staff from the Fiscal Affairs Department (FAD), RES, and SPR, and included representatives

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[9] IMF staff argued that "macro-social" issues were well grounded in the purpose of the Fund, as defined in Article 1, to contribute to the promotion and maintenance of high levels of employment and real income. While acknowledging efforts to narrow the focus of IMF surveillance to core issues following the 2004 and 2008 TSRs, recognizing tensions between the breadth and the depth of analysis, and noting that other institutions have greater expertise, staff recommended that Article IV consultations should selectively cover macro-social issues, as part of efforts to strengthen relevance and traction. They proposed to focus this coverage on those issues that were determined critical to the assessment of members' stability and to leverage other institutions' expertise in undertaking the analysis.

[10] See, for instance: Berg and Ostry (2018); Bastaglia, Coady, and Gupta (2012); Dabla-Norris and others (2015); and Fabrizio and others (2017).

[11] Commitments included "deepening the analytical work on inclusion and operationalize policy messages in operational work; [and] developing a framework to analyze distributional impacts of macroeconomic policies and structural reforms" (IMF, 2019a).

from area departments. The Advisory Group was intended to provide a forum for coordination and knowledge sharing. An internal process was created to support country teams, consisting of orientation, brainstorming, and—for the third wave—dedicated review. Teams participating in the pilot were encouraged (though not required) to participate in orientation and brainstorming sessions, with the former intended to set expectations and make teams aware of existing analytical Fund work and other resources, and the latter envisioned as informal explorations of country team's approaches, to provide feedback at an early stage. Dedicated review of policy notes for third wave countries, undertaken by SPR and FAD, was also intended to provide early feedback on the specific inequality issue taken up by each team and integration of this issue into the broader macroeconomic context.

24. Fund staff also created a knowledge exchange website that made available general information on inequality and distributional issues; analytical tools from inside and outside the IMF; selected papers and publications by IMF staff and external experts; and links to other internal and public external resources, including the World Bank ASPIRE data[12] and Poverty Research program, the OECD, and other relevant websites.

25. In 2018, SPR staff prepared a note for country teams on "How To Operationalize Inequality Issues in Country Work" (IMF, 2018b), drawing on lessons from pilot cases in the first two waves. This paper described the evolution of IMF work on inequality, described good practices based on experience with the pilot thus far, and laid out a variety of resources for staff. It provided a reference list of recent analytical work in the IMF, though it did not list relevant work by the World Bank or other organizations.

26. As inequality issues were mainstreamed in Article IV surveillance in May 2018, the intention was for lessons from the pilot intended to inform subsequent Fund engagement. The Development Issues Unit in SPR is responsible for coordinating work to maintain and deepen the knowledge base, including by providing technical support for country teams. New leadership and members for the Advisory Group were approved by management in September 2019 to help guide analysis and advice on inequality issues in Article IV surveillance going forward.

C. Arrangements for Collaboration with External Partners

27. Collaboration with external partners was one of the building blocks for IMF staff's work under the inequality pilot. The "How To" note issued for staff in February 2018 stated that "cooperation with external organizations is important for leveraging information and knowledge developed outside the Fund" and that "staff should collaborate with partner institutions, where

[12] Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) is the World Bank's premier compilation of Social Protection and Labor (SPL) indicators for analyzing the scope and performance of SPL programs. Developed by the Social Protection and Jobs Global Practice, ASPIRE provides indicators for over 120 countries on social assistance, social insurance, and labor market programs based on both program-level administrative data and national household survey data.

appropriate, to leverage their considerable knowledge and expertise on inequality issues" (IMF, 2018b). This note pointed out that "complementarities with the World Bank have created important synergies between the two institutions in several [country] pilots with an efficient division of labor" and that taking advantage of these complementarities would be important going forward. The note also encouraged country teams, as part of brainstorming sessions, to "take stock of the involvement of other development partners on inequality issues" as well as to develop a communication/outreach plan.

28. The Advisory Group and other mechanisms established to support country teams in the pilot were to some degree aimed at facilitating external engagement. The KE site afforded teams access to publicly available data and tools, including from the World Bank. The "How To" note referred to resources such as income inequality indicators from the OECD and World Bank that could be used for benchmarking. However, the overall sense was that the World Bank and other external sources of expertise would be resources that staff could choose to consult, rather than partners with which they were expected to confer.

29. Beyond the World Bank, arrangements with two other external bodies made important contributions to the Fund's inequality work during the pilot.

- First, the IMF partnered with the UK Department for International Development (DFID) beginning in 2012 to enhance research and dialogue on key macroeconomic issues in low-income developing countries (LIDCs), including inequality. Under this partnership, DFID provided resources that enabled the IMF to scale up operations in SPR and RES by hiring research officers, organizing conferences, and working with country authorities.[13] These resources supported both cross-cutting analytical work, including creation of a model for assessing links between economic policy choices and distributional outcomes and analysis focused on particular countries, notably Honduras, Ethiopia, Mozambique, and Myanmar, among others (IMF, 2018b).

- Second, the IMF developed a relationship with the Commitment to Equity (CEQ) Institute at Tulane University that provided IMF staff access to a tool for and experts in undertaking fiscal incidence analysis to understand the distributional impacts of public policy choices. IMF staff and CEQ staff worked together to apply the tool in country cases, with the IMF providing data and other informational inputs, CEQ running the numbers, and the two together discussing the implications and writing up their analysis. The CEQ has also provided this tool to the Inter-American Bank and World Bank; World

[13] The goals identified were to generate high-quality applied research on macroeconomic issues in LICs; ensure research uptake by collaborating closely with policymakers within and outside the IMF in research design, execution, and applications, use the IMF's pulling power to expand the network of researchers working on macroeconomic issues in LICs. More information on topics addressed, outputs, and results are available at https://www.imf.org/external/np/res/dfidimf.

Bank microeconomists have been trained by CEQ and use the fiscal incidence tool independently in their own analysis.[14]

D. Evidence of Collaboration and Its Effectiveness

Bilateral surveillance

30. IMF staff conducted self-assessments as the inequality pilot proceeded and were generally positive about collaboration on country work. An early report by staff to management in 2015 concluded that "there was significant engagement with other international institutions (mainly the World Bank but also UN bodies) mostly geared towards exploiting available expertise and data" and reported that "the majority of the teams have extensively leveraged existing work by the World Bank and also developed cooperative arrangements" (IMF, 2015f). At the same time, this memo asserted that "further engagement with the World Bank would be important in order to continue to leverage their resources, develop more systematic sharing of resources (in particular micro household survey data), and to promote collaborative efforts" (IMF, 2015f). This positive view carried forward with respect to the second wave of country cases, with IMF staff reporting that "country teams appreciated collaboration with other international and external organizations, and, importantly, with externally-financed consultants that allowed for high quality analysis tailored to country circumstances" (IMF, 2017e).

31. This evaluation confirmed considerable, if not systematic, engagement by country teams with other organizations, including the World Bank, on inequality issues under the pilot. In some cases, collaboration was quite extensive and fed into the two organization's work agendas; in other cases, it was more superficial. The depth and extent of such collaboration varied across countries and teams, as the impetus for seeking such engagement was largely left to each team.

32. Formal co-authorship was arguably the strongest evidence of in-depth collaborative work. The IEO identified nine cases of country-focused papers (SIPs or Working Papers) on inequality issues under the pilot that were co-authored with outside organizations in the period 2014–18.[15] Two papers, on Myanmar and Bolivia, were written with World Bank staff.

- A Working Paper on "Explaining Inequality and Poverty Reduction in Bolivia," coauthored by economists from the IMF and World Bank, provided input for the 2015 Article IV consultation (Vargas and Garriga, 2015). This paper explored factors underlying declines in inequality and poverty over the previous 15 years—including through analysis of used

[14] The CEQ-World Bank partnership led to publication of a book on The Distributional Impact of Taxes and Transfers Evidence from Eight Low- and Middle-Income Countries (Inchauste and Lustig, eds., 2017). The book includes studies by Bank and CEQ staff of the distributional effects of individual taxes, transfers, and subsidies—as well as their combined impact—in Armenia, Ethiopia, Georgia, Indonesia, Jordan, Russia, South Africa, and Sri Lanka.

[15] In addition, two SIPs were co-authored with central bank officials (in Israel and Ireland) and one with an independent academic.

the World Bank's database of household survey information for Latin America (SEDLAC)—and discussed importance of the well-designed and targeted labor and social policies to preserve and extend this progress into the future.

- A World Bank economist and the IMF Resident Representative co-authored a SIP on "Poverty Dynamics and Sustainable Development Goals" in Myanmar as part of the 2017 Article IV consultation (IMF, 2018a). This paper also credited UNICEF and UNDP, as well as other IMF staff. This collaboration grew out of routine engagement between Bank and Fund staff in-country; the Bank co-author briefed the Res Rep on poverty and inequality analysis performed for a Bank report, and the IMF Resident Representative proposed that they co-author a paper for the IMF Article IV consultation.[16]

One paper was co-authored with Asian Development Bank staff. This SIP for the 2017 Article IV consultation with China explored the evolution of inequality in China, its likely future path, and potential fiscal policies to help reduce it (IMF, 2017h).

33. Six selected issues papers for five countries (Benin, Costa Rica, Nigeria, Togo, and Zambia) were co-authored with CEQ economists from 2014–19, in some cases at the suggestion of the Advisory Group. These papers used incidence analysis to assess the distributional impacts of current and alternative tax and spending policies, and to help identify ways to mitigate negative impacts on poverty.[17] Collaboration with the CEQ sometimes also included other partners: in SIPs on Benin and Togo, the OECD was also a project participant, and the 2018 SIP on the "Distributional Impact of Fiscal Reforms in Nigeria" incorporated contributions from UNICEF and UNDP and credited comments and input from World Bank staff.[18]

34. Outside of formal joint work, drawing on outside publications can provide an indication of efforts to incorporate or take into account external expertise. An IEO desk review of citations in 42 SIPs under the inequality pilot found that IMF staff relied heavily on work by academics, think tanks/CSOs, and colleagues in the IMF in undertaking their analysis (Figure 2). In addition, half of the SIPs (48 percent) included one or more citations of World Bank work; one-quarter cited the OECD, and about 10 percent cited UN publications. However, citations of World Bank publications represented only about 9 percent of total citations in these papers, while publications by the IMF, academics, and others (e.g., think tanks) represented about one-quarter each.

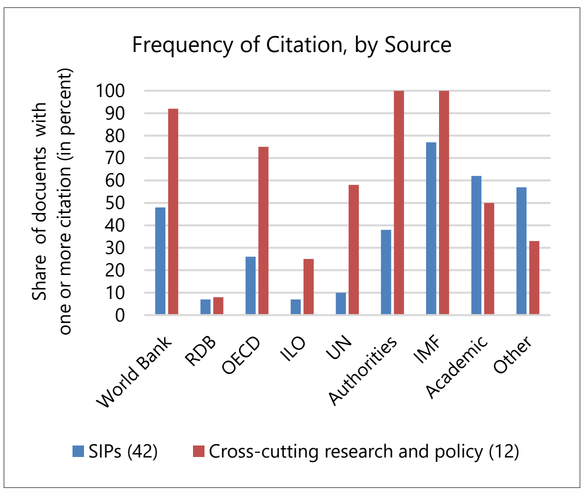
[16] This paper built on work done by the IMF country team for the 2016 Article IV consultation, analyzing "Macroeconomic and Distributional Implications of Financial Reforms in Myanmar" (IMF, 2017d).

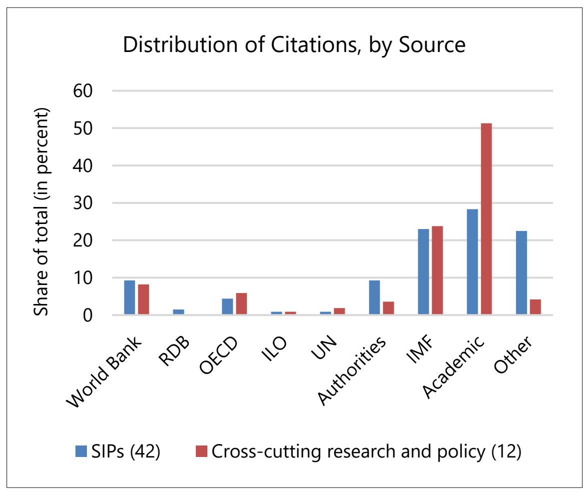
[17] In these partnerships, the IMF provided data acquired from authorities, notably household survey data, and key parameters about the tax system, CEQ ran the numbers and provided results to the IMF. A few SIPs used the CEQ tool without formal co-authorship.

[18] The Nigeria team partnered again with CEQ to assess implications for fuel subsidies stemming from a change in the regulated gasoline price as part of the 2019 Article IV consultation.

35. We looked in detail at 10 pilot countries, including through desk review of IMF staff outputs (Article IV staff reports, Selected Issues Papers, and Working Papers) and through interviews with Fund staff and representatives from the World Bank.[19] Interviews with Fund and Bank staff working on these countries revealed cases of relatively deep engagement on inequality issues, sometimes with clear benefits for both sides. For instance, the IMF staff team working on Brazil reported relying heavily on consultations with World Bank staff, as well as academics, in examining inequality issues for the 2017 Article IV consultation—including holding meetings to seek views on methodology and results. In the case of Ethiopia in 2015–16, IMF staff undertook distributional analysis of fiscal and financial reforms using a DSGE model and sought input from Bank staff, who were excited to learn about the IMF model and its results, which they used in their own work, including the subsequent Bank Systematic Country Diagnostic (SCD).[20] The IMF Morocco team reported ongoing discussions with relevant Bank staff in the background of much of its work on the inequality (and gender) pilots, resulting in a "give and take" dynamic through which analysis/input flowed both ways between the IMF and World Bank country teams. In the case of Togo, although the analysis of inequality issues was conducted with the CEQ, the team also reported "continuous" engagement with the World Bank including "close collaboration" on areas including poverty analytics and policies.

Figure 2. Citations in IMF Documents: Inequality, 2015–19





Source: IEO analysis.
Notes: Does not include citations associated with datasets.
SIP=Selected Issues Paper. SIP denotes a stand-alone paper, where applicable, or SIP chapters. RDB=Regional Development Bank. OECD=Organization for Economic Cooperation and Development. ILO=International Labour Organization. UN=United Nations. UN denotes the UN or specialized agencies other than the ILO. "Other" includes think tanks, civil societies. Authorities=central banks, ministries.

[19] The 10 countries were Brazil, China, Honduras, Kyrgyz Republic, Morocco, Myanmar, Nigeria, Pakistan, Senegal, and Togo.

[20] The SCD acknowledges their input in the text: "dynamic general equilibrium simulations shed new light on the interlinkages between the economy, poverty, and the distribution of income. These simulations were conducted specifically for the purpose of this SCD as joint work with the IMF" (World Bank, 2018).

36. In other cases, there appeared to be little direct reliance on Bank analysis or expertise. For instance, a 2015 SIP on income inequality in the Kyrgyz Republic relied on data from the World Bank and others in describing the status and dynamics of poverty and inequality in the country, but in laying out policy measures to reduce inequality and promote inclusive growth did not bring into the discussion the advice or work of the Bank or other organizations.[21] In Senegal, the IMF staff team chose to use a general equilibrium model developed in SPR to assess macroeconomic and distributional impacts of fiscal consolidation, and the tradeoffs between growth and equity for different tax instruments. The resulting SIP presented model findings and the potential to mitigate output and distributional costs. This work was done in-house, as Fund staff felt that it had the tools and expertise to do the analysis, which they saw as distinct from analysis that may have been done by the Bank or others.

37. One initiative to establish more systematic collaboration with the World Bank on inequality was undermined by institutional rigidities. In this case, the African Department (AFR) sought to establish an institutionalized arrangement to collaborate with Bank technical experts on assessing the distributional impacts of fiscal policies but was unsuccessful, despite reported good will and genuine interest on both sides. A key obstacle was that the two sides could not find a way to reconcile the two organizations' different approaches to and timetables for organizing and resourcing their work. In contrast, the collaboration with CEQ, used to undertake analysis in four African countries (as well as one Latin American), did not face these challenges.

Research and policy work

38. Considerable cross-cutting research and policy work has been undertaken by the IMF on inequality in recent years—including, for instance, analysis of the connections between inequality and growth and of the distributional implications of fiscal policy.

39. IMF staff engaged in informal dialogue with external experts on inequality issues. For instance, IMF staff in the Research Department reported conversations with others in the profession, including the World Bank, on their work demonstrating the connections between inequality and growth.[22] In addition, SPR staff who developed an IMF model to analyze channels through which different reforms are likely to affect inequality in LIDCs emphasized multiple conversations with Bank staff and exchange of views on draft work.[23] This engagement was sometimes documented in final products. The paper on the inequality model for LIDCs stated that it complemented recent work on inequality-growth trade-offs by the OECD (Fabrizio and

[21] IMF staff has noted that this paper did not address the design of social safety nets, which would have merited Bank involvement, but rather focused on macroeconomic and structural policies broadly under the purview of the Fund.

[22] For example: Ostry, Berg, and Tsangarides (2014).

[23] This model was described in Fabrizio and others (2017).

others, 2017). The October 2017 *Fiscal Monitor on Tacking Inequality* acknowledged comments from World Bank staff and academic experts (IMF, 2017j).

40. However, these efforts were neither uniform nor systematic. For their part, Bank staff described engagements with Fund staff on inequality issues as mainly informal, for instance including mutual invitations to workshops and seminars, speaking together on panels for Civil Society events, and informal conversations in these and other contexts. Citation analysis of twelve cross-cutting research and policy publications from 2012–18 found that all but one included at least one citation of World Bank publications and most included one or more citation of OECD publications; these papers relied much more heavily on other IMF work and academic publications (see Figure 2).[24]

41. There were two examples of formal collaboration on policy papers. In 2015, at the request of the G20, the IMF co-authored a joint report on inequality with the OECD, ILO, and World Bank that discussed recent trends in inequality, including differences between G20 countries, and explored potential policy responses (IMF, 2015d). In early 2017, the IMF and World Bank produced a joint paper for the Development Committee (IMF, 2017c). This paper described global trends in inequality, described the connections between macroeconomic policy and inequality, and discussed policy options and country experiences in addressing inequality. It discussed inequality issues in broad terms and how they fit into the work of each institution; however, the paper did not discuss how the two institutions were working together, nor lay out plans to collaborate going forward.

Quality and impact

42. Inequality experts at the World Bank generally saw the IMF's cross-cutting and research work on inequality as "very solid" and widely used to help explain links between macroeconomic policy and inequality issues.[25] These Bank experts generally considered some IMF research on inequality to be at the frontier, while other publications were seen more as well-timed and influential syntheses of existing knowledge. From the academic perspective, the IMF's attention to the distributional effects of fiscal policy was viewed as a welcome change, particularly compared to earlier times when the Fund was said to view such considerations as "political" and therefore not suited for IMF attention. As discussed above, active collaboration did not play a central role in much of this work, although in general the IMF was seen as up to date and in tune with work in the field.

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[24] The papers reviewed were primarily Staff Discussion Notes (SDNs) but also included the 2017 Fiscal Monitor.

[25] Some questioned the database used in certain IMF analysis of inequality (e.g., the April 2018 *Fiscal Monitor*), which differed from that used by the Bank and could potentially underestimate inequality trends.

43. In the country context, IMF staff concluded that the inequality pilot added clear value. They reported to management that IMF teams had "conducted innovative and country-tailored analysis" that had influenced policy reform priorities in countries such as Republic of Congo, Ethiopia, and Bolivia (IMF, 2016f) or "triggered positive discussions" in countries such as Costa Rica, Guatemala, Honduras, and Lithuania (IMF, 2017e). Further, the 2018 TSR found that the pilot itself added value by broadening the scope of the Fund's policy dialogue and helping gain an "encouraging" degree of traction with authorities "especially in cases where these issues were already on the authorities' policy agenda" (IMF, 2018e). However, mission chiefs participating in the inequality pilot who were surveyed for the ISR on average saw somewhat less benefit in terms of better policy advice than those participating in the gender and macro-structural pilots (IMF, 2018f).

44. Assessing the impact of collaboration on the IMF's analysis and its traction with authorities is inherently difficult, since collaboration is only one element of the analysis and advice presented by the IMF to authorities. IMF staff pointed to collaboration as one of the factors contributing to accumulation of knowledge and build-up of internal expertise for the pilots as a whole (IMF, 2017i). Staff judged that pilot work in cases such as Bolivia and Ethiopia, where collaboration with the Bank made a significant contribution, had added value to surveillance and gained traction with authorities (IMF, 2017i). This evaluation found that input from or collaboration, whether with the World Bank or others, clearly added to IMF analysis in cases such as Myanmar (World Bank). In cases such as China, Benin, Costa Rica, Nigeria, Togo, and Zambia, collaboration with experts from the ADB or CEQ enabled staff to incorporate analysis in the Article IV that they could not have undertaken on their own. Collaboration may also have been a factor in cases such as Brazil and Morocco, even where joint efforts were not explicit in surveillance output.

Resource issues

45. In reviews of experience under the different waves of the inequality pilot, staff indicated that resource constraints helped provide an impetus for external collaboration (IMF, 2015f) and that collaboration with other organizations (and externally-financed consultants) had helped keep resource costs manageable (IMF, 2017e).

46. The IEO found that some teams drew significantly on outside resources, helping offset the internal resources needed to undertake analysis under the pilot. This was the case with the China team's collaboration with the ADB, as well as for teams that co-authored papers with CEQ researchers. CEQ provided their expertise and co-authorship without cost—an arrangement that is not likely to continue over the long term.[26] As noted above, inequality studies for Honduras, Ethiopia, Mozambique, Myanmar, among others, also benefitted from the in-house expertise made possible by DFID support (IMF, 2018b).

[26] CEQ is funded in large part by the Gates Foundation.

47. Fund staff estimates for the 2018 ISR found that the cost in the later phase of the inequality pilot was relatively modest but slightly more than for the gender pilot, with the payoff in terms of enhanced analysis and policy advice somewhat lower than that for the gender and macro-structural pilots (IMF, 2018f). (See Annex 2 for the ISR estimate of payoffs and costs of the inequality, as well as the gender and macro-structural pilots.)

E. Lessons

48. Overall, this evaluation found considerable though not systematic collaboration on inequality work with external partners including the World Bank, which contributed in a number of cases at least to the quality and impact of the work on inequality issues.

49. The extent of collaboration varied across different types of work and countries. Collaboration on research and cross-cutting analysis most often took the form of informal consultation and engagement, including sharing papers for comment—although financial support from DFID for additional economists to focus on inequality and other issues in LIDCs was also a significant facilitator of the enhanced IMF focus on these issues. Deep collaboration in the form of co-authorship occurred mostly in country work, undertaken more often with the CEQ than the World Bank. Co-authorship spanned three area departments—AFR, APD, and WHD—but was most common in the AFR, which interviews suggest purposefully built up a culture emphasizing the importance of collaboration.

50. What fostered external collaboration in this pilot? Some types of inequality analysis of interest to teams required microeconomic skills that are not a common IMF staff skillset. For instance, teams that wanted to undertake distributional analysis drawing on household survey data needed to look for outside expertise to help them conduct such analysis, resulting in collaborations with CEQ. In the case of Myanmar, collaboration in helping the government build statistical capacity created a dialogue between Bank and Fund staff that led to joint work on poverty and inequality. The Advisory Group helped facilitate this collaboration in some cases, notably by connecting country teams with CEQ.

51. The availability of expertise and capacity was likely also a factor. Motivated by a desire to see the IMF include more analysis of distributional and poverty implications as part of its policy advice, CEQ economists worked with IMF staff at no cost to the Fund, and collaboration with individual teams appears to have been relatively easy to arrange. The Africa Department's attempt to systematize such an arrangement with World Bank staff was reportedly derailed by disparities between the Bank and Fund's timeframes for planning work, their organizational structures, and their resourcing arrangements. Future efforts to establish a framework for such joint work will need to address the mismatches in the way work is organized and funded in the two institutions.

52. The limited incidence of joint work with the World Bank appears to have primarily resulted from assessments by Fund country teams that they had the expertise they needed to conduct the work or could locate it within the IMF. The creation of a DSGE model in SPR (with help of DFID

funding) helped build internal expertise and capacity and may in fact have reduced the perceived need for collaboration in some cases, depending on the kind of analysis teams wanted to undertake. However, even with in-house expertise, to the extent that Fund staff were undertaking analysis on inequality/poverty issues that Bank staff were also pursuing, it would seem that there would be a case for closer consultation, and perhaps deeper collaboration, at least to compare their findings and resulting advice and present them in context of each other.

IV. PILOT PROGRAM ON GENDER

A. Background

53. Prior to 2012, the IMF had paid relatively little attention to gender, although IMF staff published a number of working papers dating back as far as 1996 on issues including female labor force participation, the relevance of gender to macroeconomic policy, and connections between gender and fiscal policy.[27]

54. The arrival of Christine Lagarde as Managing Director provided strong impetus for IMF engagement in gender issues. In 2012 speeches, she underscored the need to make growth more inclusive, noting that this meant making sure that all share in the fruits of prosperity and that all are given the opportunity to fulfill their potential (Lagarde, 2012a) and the importance of greater equality of opportunity between men and women (Lagarde, 2012b). In 2013, the MD commissioned a Staff Discussion Note on the macroeconomic gains from gender equity, intended to lay the analytical foundations for the Fund's work in this area. The MD's Global Policy Agendas of April and October 2014 noted that the IMF would promote inclusive labor reforms globally among the membership and expand its work on female labor force participation; and the November 2014 Managing Director's Statement on the Work Program of the Board announced that in the coming year, staff would address gender issues in Article IV surveillance where macro-critical.

B. Pilot Mechanics

55. The gender pilot was conducted in three waves, covering 39 countries in all, between 2015 and 2019 (see Annex 1). The pilot also included some countries where gender issues featured in the design of IMF-supported programs, including Argentina, Egypt, Jordan, and Niger.[28]

56. The Advisory Group for the gender pilot was jointly led by staff from the Fiscal Affairs Department, Strategy, Policy, and Review Department, and Human Resources Department; it also included a representative from the World Bank. A working level "Coordinating Group" was also

[27] See for instance: Stotsky (1996); Comenetz and others (2001); Sarraf (2003); Laframboise and Trumbi (2003); Tsounta (2006); and Stotsky (2006).

[28] The Argentina and Niger IMF staff teams began participating in the pilot before the Fund program; Egypt and Jordan had programs in place when the pilot began.

established, bringing together staff members with some interest/expertise in gender, and representatives from area and functional departments. In practice, most of the support to country teams provided by the Coordinating Group came from a handful of Fund staff with a particular interest in and commitment to gender issues.

57. During the second wave of pilot countries, starting in spring 2017, support to teams became more structured. Orientation sessions were offered to all country teams; brainstorming sessions were organized for pilot country teams to get input from Fund peers with experience of gender issues; and around six dedicated gender reviewers were identified within SPR, working in parallel with the standard SPR review process. The dedicated reviewers provided comments for consideration by teams, though there was no requirement that these comments be addressed, for instance via the "sign off" system that SPR follows for the regular review process. The gender specialist review function was discontinued when SPR was reorganized, and review of gender cases was incorporated into the regular SPR review process.

58. In February 2018, a detailed "How To" note for staff was released internally, pulling together lessons from the first two waves of the pilot (IMF, 2018j).[29] Country teams (in Wave 3 of the pilot) were encouraged to draw on the detailed advice and suggestions in the "How To" note. Support at this phase returned to the previous informal approach, with a handful of Fund staff interested in gender issues providing advice to country teams on an ad hoc basis. One department, AFR, established its own more formalized (albeit small) specialist review and advice function, but this was approach was not followed in other area departments.

59. As noted in the introductory section, the gender pilot, along with others was largely concluded by May 2019, when staff assessed that there was sufficient familiarity with the issues and necessary infrastructure to support future work. In September 2019, the Advisory Group was re-appointed with new leadership, which will help support work on gender in bilateral surveillance going forward.

C. Arrangements for Collaboration with External Partners

60. As with the other pilots, external collaboration was presented to country teams as a potential source of information and expertise. For countries in Wave 2 of the gender pilot, the orientation sessions emphasized that seeking outside expertise could be beneficial. The "How To" note included a short section on external resources and stated that "collaboration with international organizations and other external partners remains vital" (IMF, 2018j).[30] This note also provided some best-practice examples of such collaboration, including, for instance, close

[29] This note was published externally in June 2018.

[30] The note mentions the World Bank, ILO, UN Women and third-party stakeholders in-country, such as CSOs and trade unions.

dialogue by teams with the World Bank, the EBRD, ILO, UNFPA, UNDP, UNICEF, trade unions, and civil society (India), as well as co-organization of a workshop with UN Women in Rwanda.

61. The Advisory and Coordinating Groups established contact with gender experts at the World Bank and UN Women and helped some Fund country teams, via brainstorming sessions, to identify relevant individuals in those organizations. However, no specific expectations for identifying and developing partnerships were established. Rather, the responsibility for engagement—making contact, discussing macro-structural issues, and agreeing on any division of labor or joint work—was left to country teams. In interviews for this evaluation, some Advisory Group members told us that it was always envisioned that Fund staff would draw on Bank expertise "as needed" rather than in a systematic way.

62. The Advisory Group established and has maintained a Gender Knowledge Exchange site on the Fund's intranet, which provided access to Fund data, toolkits and cross-country analytical, as well as links to data, toolkits and published by the World Bank, OECD, ILO, and UN bodies. The Knowledge Exchange site lists the Fund staff who are members of the Advisory Group and subject matter experts but does not list any external contacts.

63. The Fund's work on gender has also benefitted from the partnership with DFID to enhance the Fund's capacity for research on LIC issues including gender. DFID provided funding for the Research Department to hire additional contractual research officers, some of whom provided specialist gender expertise to support analytical, surveillance and review work.

D. Evidence of Collaboration and Its Effectiveness

Bilateral surveillance

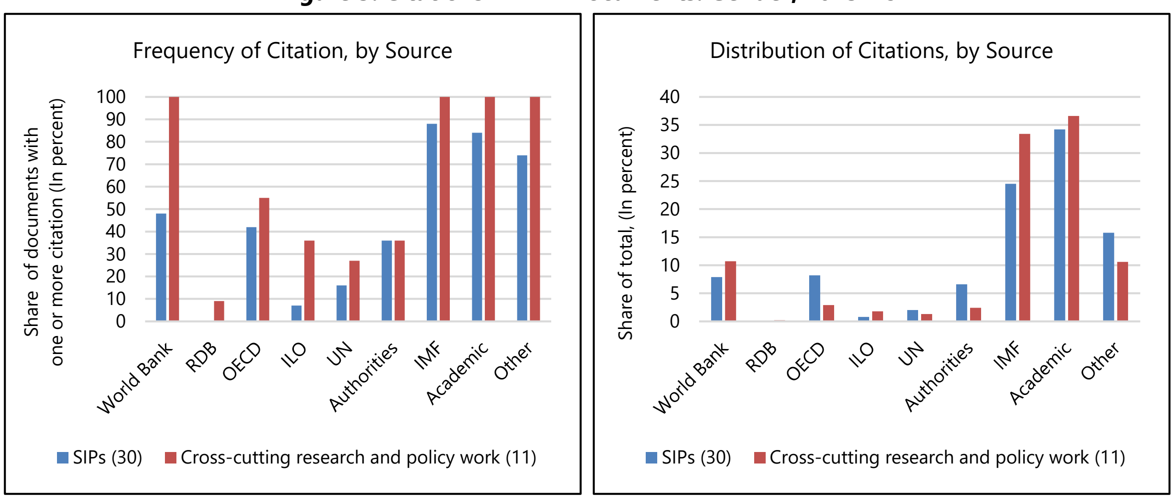
64. IMF staff self-assessments of experience with the gender pilot conveyed a mixed view of collaboration. An early summary of experience with the pilot in November 2015 (when six country cases had been completed) noted that staff relied on data from a variety of other institutions including the World Bank and had benefited from interactions with and comments from Bank staff as well as authorities, UN Women, and academic consultants. However, this report also asserted that there was "scope for greater collaboration with the Bank on gender analysis in pilot cases, particularly for teams analyzing household level data" (IMF, 2015f). The "How To" note included the benefits of drawing on expertise of other agencies to facilitate learning and improve the quality of analysis and policy advice as a positive lesson from the pilot experience, although there was no reference to collaboration as an important or helpful factor in the examples of good practice (IMF, 2018j).

65. This evaluation found that the IMF engaged external partners in a number of ways on gender issues under the pilot, although collaboration on analysis and outputs was limited.

66. A review of the outputs of the 39 country teams in the gender pilot identified 30 SIP chapters on gender issues, covering topics such as the drivers of female labor force participation, wage gaps and their economic impact, the impact of closing gender gaps on productivity and growth, financial inclusion and women's economic empowerment, and gender budgeting. Among these papers, there were no joint or co-authored products, although one paper (for Nigeria) acknowledged inputs from the World Bank and other organizations; this paper along with two others also specified that the authors had benefited from discussions with and comments from authorities, the World Bank, and other organizations.

67. Citation analysis suggested that teams drew extensively on previous IMF and academic research, but less so on research from the World Bank, OECD, ILO, or UN Women (Figure 3). This may be at least in part due to the focus of IMF work on macroeconomic implications of gender, while the Bank's outputs tend to focus more on microeconomic issues. However, use of gender-disaggregated data from external organizations (World Bank, UNDP, ILO, OECD, and country authorities) was common.

Figure 3. Citations in IMF Documents: Gender, 2015–19



Source: IEO analysis.
Notes: Does not include citations associated with datasets. SIP=Selected Issues Paper. SIP denotes a stand-alone paper, where applicable, or SIP chapters. RDB=Regional Development Bank. OECD=Organization for Economic Cooperation and Development. ILO=International Labour Organization. UN=United Nations. UN denotes the UN or specialized agencies other than the ILO. "Other" includes think tanks, civil societies. Authorities=central banks, ministries.

68. We selected eight pilot countries[31] for more in-depth study through interviews with Fund staff and representatives from the World Bank, UN Women, and a few country authorities.

69. Among these countries, we found limited evidence of deep engagement with gender experts at the Bank, although there were a few cases of good collaboration. For example, the Fund's gender work on Morocco that quantified the economic benefits of increasing female

[31] Argentina, Egypt, India, Jordan, Morocco, Rwanda, and Serbia.

participation in the work force fed into the Bank's updating of its country strategy; this came about because of the quality of the Fund's work, good interpersonal relationships and fortuitous timing (as Bank Country Strategy Papers are revised only every five years or so). In a few other cases such as Nigeria, Fund staff cited good engagement, for instance noting the value derived from sharing their analysis with Bank staff for review. There were also examples of collaboration in the context of programs. For example, the Egypt team reported "intensive engagement" with Bank gender and labor market experts as part of program design. In Argentina, the IMF's initial SIP on gender issues under the pilot relied on the Fund's general equilibrium model to examine the impact of reforms and the wage gap; teams worked closely together once discussions on the Fund-supported program began, and gender issues were included in conditionality.

70. SPR staff who acted as dedicated gender reviewers told us there was insufficient time and resource to independently verify whether country teams had appropriately reached out to external organizations on the gender issues judged to be macro-critical. Although efforts were made to inform reviewers of key gender issues, these reviewers had to cover a wide range of issues in a short period of time and within tight word limits, so covering gender issues—much less whether teams collaborated—was not a top priority.

71. Several interviewees mentioned that collaboration was more effective with UN Women than with the World Bank. UN Women typically had extensive contacts in-country and provided a useful convening role. Interviewees suggested that UN Women were open to engagement with the Fund because the Fund could help them get access to and traction with the authorities, especially Finance Ministries. Furthermore, UN Women did not see themselves as competing with the Fund.

Research and policy work

72. The Fund hosted at headquarters two conferences on gender issues that staff organized with external partners: on Fiscal Policies and Gender Equality in November 2016 which included panel discussions with government officials, academics, development agencies, the Executive Director of UN Women, and the Executive Director for Oxfam Canada; and on gender and macroeconomic issues in March 2017, which included a session with researchers from sub-Saharan Africa to discuss how the IMF could better partner with CSOs, academia, and government officials to advance gender equality objectives.[32] The Fund also joined with the Government of Rwanda, UN Women, and the Uongozi Institute to hold a gender conference in Rwanda in November 2017.

[32] Among the conference topics were female labor force participation, financial inclusion, trade diversification, firm performance, intra-household choices, public investment, and macroeconomic outcomes.

73. Between 2013 and 2018, IMF staff prepared eleven cross-cutting analytical and policy papers[33] on gender issues, with topics including legal issues related to female labor force participation, empirical analysis of links between gender and income inequality, and women in finance.[34] None of the papers had co-authors from outside the Fund, though two acknowledged input from external organizations (the World Bank and OECD). Citation analysis of these papers showed that they relied to some degree on external publications: all had at least one reference to World Bank reports, but as a share of total citations IMF and academic papers predominated (Figure 3).

Quality and impact

74. The view of the Bank's gender experts we interviewed was that the quality of the Fund's gender work is generally good, but they felt that there was more scope to be innovative and systematic in integrating gender into the IMF's work. Thus, for example, while the IMF has done work on implications of gender issues for labor force participation, Bank interviewees took the view that the Fund had not taken this work to the next step, for instance by taking into account the underlying causes of low participation such as the role of unpaid care and informal labor. These experts, as well as others from CSOs, argued that there are also fundamental questions that the Fund should be asking (e.g., what a fiscal policy that fully takes into account gender would look like, and what the gender implications of other policy advice might be). Bank experts also noted that the Fund could make more use of the Bank's diagnostic tools, such as a model that took analysts through a series of questions designed to pinpoint where there are gaps that constrain women's participation in the workforce.

75. Some Fund interviewees acknowledged that there had been missed opportunities for collaboration. For instance, some had encountered reluctance to engage because of concerns among Bank staff that the Fund was intruding into an issue that should be covered by the Bank. Others simply had difficulty getting a substantive or timely response, as in the case of the Jordan team who sought Bank input on measures to address low female labor force participation.

76. There were also Fund staff who did not see a need for collaboration. Some took the view that potential external partners were not focused on or informed about macroeconomic aspects of gender and that they had produced high-quality work and achieved traction without input from the Bank or other external gender experts. In addition, a few Fund staff described their work on gender issues essentially as box-checking, which they achieved by relying on cross-country analysis by other Fund staff without considering whether to look beyond the Fund for expertise, and without particular concern about gaining traction with the authorities.

[33] Eight SDNs and three policy papers. Working Papers were not included in this analysis.

[34] See for instance Gonzalez and others (2015a; b), and Sahay and others (2018).

77. On the other hand, IMF collaboration with UN Women was clearly seen as adding value. Some teams (e.g., for Rwanda and Ethiopia) reported that engaging with UN Women had enhanced the quality of their work and helped it gain traction with the authorities. Staff pointed out that after the Article IV consultation that benefited from collaboration with UN Women, Ethiopian officials requested a workshop and asked for further technical assistance on gender budgeting from the Fund and UN Women.

78. In interviews for this evaluation, some EDs from advanced and emerging market economies, as well as some CSOs, criticized the Fund's gender work (e.g., in Italy, Greece, Austria, Argentina) as not adding value or insight or not drawing sufficiently on insights from outside the Fund.[35]

Resource issues

79. In commenting on their experience in the earlier phases, most mission chiefs reported that the resource requirements were manageable and had not significantly displaced resources required to cover "core" issues. There were a few exceptions, for instance, where the team decided to devote considerable resources to gender work and, in the view of the mission chief interviewed for this evaluation, ended up crowding out some potentially important work on core Fund issues. Fund staff estimates for the 2018 ISR found that the cost in the later phase of the gender pilot was relatively modest, with the payoff in terms of enhanced analysis and policy advice higher than that for the other pilots (IMF, 2018f).

80. DFID funding made a difference by enabling a small number of economists (initially research officers in the Research Department) with gender expertise to support the Advisory Group and country teams in the pilot, but much of the gender-specific input relied on a small number of interested Fund staff providing help on top of their "day job."

81. Pilot country teams differed in their assessment of the resources made available to them by the Advisory Group to help external collaboration. Some teams, in their feedback reported to management and in interviews for this evaluation, said the data and research references provided via the KE webpage were helpful. But in interviews some Mission Chiefs said they would have welcomed more concrete advice about policy options, for instance, to promote female access to the labor market, based on cross-country evidence of what works.

E. Lessons

82. The IMF's work on gender during the time of the pilot included some collaboration with external organizations. However, the most extensive and impactful collaboration was with UN Women. Engagement with gender experts at the World Bank was shallower and less productive,

[35] On the other hand, there was also a case in which CSOs were concerned that IMF staff brought in too much specific policy advice on family planning from the Bank that was inappropriate in the IMF context.

despite some efforts on the part of Fund staff. Further, while the pilot provided some encouragement to collaborate, for instance by providing information about data and external research and by facilitating connections with UN Women, it was left to country teams to follow through, and there was no oversight (e.g., via the review process) to check whether teams had worked with external partners.

83. Several challenges affected collaboration on gender issues. Some Fund staff felt that the Bank was resistant to the idea of the Fund moving "onto their turf," which they saw as understandable given the Bank's greater expertise and possible concern (on the Bank's part) that the Fund might make simplistic diagnoses and wrong-headed policy recommendations. Another interpretation from some interviewees was that the Bank did not see the Fund as having much complementary expertise or perspective to bring. Other Fund staff indicated that external collaboration would not have been productive because no other organizations were focusing on the macro-economic implications of gender in their country. On the other hand, in one pilot country where engagement with the Bank was significantly less than with UN Women, the Fund Mission Chief ascribed this to the Bank not seeing work on gender issues as a priority in that country (given the country's own work on the issue), rather than resistance to the Fund working on gender.

84. More generic challenges for collaboration that extend beyond gender also played a role. For instance, mismatches in the organizational structure meant that Bank gender experts were not easily identified by Fund teams, whose usual Bank counterparts focused on macroeconomic and trade issues. Moreover, engaging with Fund staff was often not a high priority for Bank gender experts, who were focused on their own work program and timeframe.

85. Notwithstanding these challenges, there are clear complementarities between Bank and Fund on gender that could be more clearly recognized and exploited. For example, the IMF could focus on the macro impact of greater female labor force participation while the Bank looks at micro policies to raise female participation (such as work practices and child care). While these are related and can inform each other, there has not been much progress in connecting the different strands of work.

86. The experience with low levels of dedicated central resource and relying heavily on interested individuals providing help on top of their regular responsibilities has been mixed. There is a case for an individual or small core group to serve as point person for developing a strategy for external collaboration on gender based on a business case for both sides, cultivating relationships with external experts, and feeding information and contacts to country teams. In proceeding with work on gender in the IMF, it will be important to set out clearly the role of collaboration with external organizations and the process for engaging with them, both in a strategic way across the IMF's gender work as a whole and in the work of country teams.

V. Pilot Program on Energy/Climate

A. Background

87. The Fund has for many years been providing policy advice on the design of fuel and energy pricing to eliminate poorly targeted subsidies and on the design of tax policies to internalize environmental costs (e.g., see IMF, 2008). More recently, the Fund has broadened its attention to a wider range of climate related issues, including through the pilot initiative to integrate climate change and energy pricing issues into Article IV surveillance. A 2015 statement by the Managing Director identified the following areas in which the IMF could support member countries in dealing with the macroeconomic challenges of climate change: (i) providing TA in fuel tax design and energy price reform; (ii) integrating natural disaster risks and preparedness strategies, where macro-critical, into economic frameworks and policy analysis; (iii) helping countries incorporate climate adaptation strategies into medium-term fiscal frameworks; and (iv) working with relevant international agencies to encourage consistent climate-related disclosures and stress testing for the financial sector and consistent prudential standards for the insurance sector (IMF, 2015g).

88. Adaptation and disaster resilience strategies have featured prominently in the IMF's efforts, both through the pilot and other work. In 2016, a Board paper laid out the principles for working with countries vulnerable to large natural disasters to integrate the risks posed by natural disasters and climate change into economic frameworks and policy analysis and to develop/enhance preparedness and climate adaptation strategies (IMF, 2016h). A 2019 Board paper on disaster resilience underscored the macroeconomic risks of climate change and natural disasters for many countries and the importance of developing strategies to mitigate these risks. This paper laid out a role for the IMF, in collaboration with the World Bank, to bring together stakeholders (including private insurers, governments, donors, and climate funds) to tackle issues such as impediments to market-based risk transfer.

89. At the country level, IMF staff has incorporated disaster risk in surveillance work in about 40 percent of those countries prone to large natural disaster risk (IMF, 2019c). A new diagnostic tool, the Climate Change Policy Assessment (CCPA) to assess climate adaptation and mitigation plans as well as associated risk management strategies. CCPAs have been conducted with six countries (Seychelles, St. Lucia, Belize, Grenada, Micronesia, and Tonga); the initiative will be evaluated jointly by Fund and Bank staff before decisions are taken about whether and how to extend the CCPA initiative. CCPAs are essentially a form of technical assistance, though they inform surveillance. CCPA reports are attached to Article IV staff reports and subsequently published, at the discretion of the country authorities.

90. In addition, as of March 2019, around 30 FSAPs have covered climate related topics, mostly relating to insurance and banking sector stress tests. At a cross-country-level, Fund staff

have recently begun working on understanding the mechanisms of transmission between climate risks and macro-financial stability.[36]

91. Climate issues featured in two of the IMF's flagship publications in October 2019 and are expected to be a focus of analysis in 2020. The October 2019 *Fiscal Monitor* discussed climate mitigation policies at the national level and made the case for a carbon price floor arrangement among large advanced economy emitters to complement the Paris Agreement and to scale up global mitigation (IMF, 2019e). The October 2019 *Global Financial Stability Report* included a chapter on sustainable finance that highlighted climate change as a potential source of financial risk (IMF, 2019f). In October 2019, the new Managing Director made clear that attention to climate change will be a priority for the IMF going forward, emphasizing in one of her first speeches that "assist[ing] countries as they reduce carbon emissions and become more climate resilient" is a priority of the IMF (Georgieva, 2019) and highlighting plans for the Fund to increase its attention on climate change in the Global Policy Agenda, including by: more systematically integrating climate change into surveillance; supporting the build-up of structural, financial, and post-disaster resilience, particularly in small states and LICs vulnerable to natural disasters; enhancing analysis of sustainable finance; and continued support for global action (IMF, 2019g).

B. Pilot Mechanics

92. The Advisory Group established to oversee the energy/climate pilot was led by FAD, with representatives from all area departments and occasional SPR attendance. Fund staff leading the energy/climate pilot told us that it differed significantly from the gender and inequality pilots, in that energy issues had "always" been included where relevant in surveillance. The Advisory Group focused on issues related to efficient energy pricing and building resilience to natural disasters. It met two to three times a year and worked to develop and share tools (such as spreadsheet tools for estimating carbon prices necessary to meet mitigation commitments, and the consequent economic, fiscal and environmental impacts). FAD expertise and advice to support the use of the spreadsheet tool was made available to country teams who wanted to use it (and it was also made available to the public on the Fund's external website). Unlike other pilots, however, no Knowledge Exchange website with links to relevant data and analytical work from other organizations was created on climate work, nor was a "How To" note prepared for staff.[37]

93. The energy/climate pilot was conducted in three waves. Each area department nominated two countries a year; there were 26 in all, between 2015 and 2018 (see Annex). For countries in Wave 1, the focus was on energy pricing and subsidy reform, areas where the Fund already had extensive experience. For countries in the second and third waves there was more

[36] For example, see IMF (2019f), and Krogstrup and Oman (2019).

[37] FAD staff told us in mid-2019 that they now plan to produce a "How To" note.

attention on newer areas, such as carbon taxation and the design of fiscal frameworks to support resilience to climate change (including costing of infrastructure requirements).

94. Resilience and adaption work under the second and third waves of the pilot was complemented by the separate but related initiative to produce CCPAs in partnership with the World Bank.

95. In September 2017, Management decided to conclude the energy/climate pilot and not mainstream these issues. This decision was largely driven by a concern that the Fund had not yet developed sufficient internal expertise and experience outside the energy pricing/subsidy area, which was already a staple topic for area department work before the pilot. This did not mean the Fund climate work would be scaled back, and indeed staff advised Management that they expected "a modest increase" (IMF, 2017i). Staff indicated that there would be periodic coverage of climate issues in Article IVs for countries where they were especially relevant, in addition to further work on CCPAs and in multilateral surveillance. Further, as noted above, the new Managing Director has emphasized that climate issues would be a priority moving forward, and both the 2020 Comprehensive Surveillance Review and Financial Sector Assessment Program Review are expected to consider how the IMF should incorporate climate issues in these aspects of its work.

C. Arrangements for Collaboration with External Partners

96. With less structure, the energy/climate change pilot also had fewer specific arrangements for collaboration. Members of the Advisory Group told us that there was no explicit collaboration with the World Bank envisaged or expected on the climate pilot, as FAD staff leading the pilot initiative expected it to largely consist of applying existing Fund tools on energy pricing and carbon taxes. Whether and how to seek expertise in climate issues outside the IMF was left to country teams; there was no guidance provided on appropriate contacts or experts at the Bank.

97. Greater attention was paid to collaboration with the World Bank in preparing CCPAs. The tool was originally developed by Fund staff; however, when it was discussed as a proposal in the 2016 Board paper on natural disasters, some Executive Directors encouraged staff to work with the Bank in preparing the assessments. Fund staff subsequently approached the Bank and both institutions took an "opportunistic" approach by identifying countries where the authorities were receptive and where suitable Fund and Bank resources could be co-opted. The initial CCPAs were undertaken without additional resources, which meant that only one or two could be done per year. The extent of Bank involvement evolved over successive CCPAs; in general, the IMF assesses the potential impact of climate change risks on the macro framework and long-term growth and the potential role for changes in fuel and carbon taxation, while the Bank assess adaptation plans and sectoral strategies, financing, and other risk management strategies. The most recent CCPAs have been based on three parallel missions: a TA mission from FAD, an IMF Article IV mission, and a World Bank mission.

98. Notwithstanding the Bank's ongoing involvement in CCPAs, the Bank has not formalized its role (unlike, for example, with the LIC-DSA diagnostic tool). Processes are still being established with and within the Bank. For instance, the clearance process resembles the DSF process but has not been formally agreed between the institutions. CCPA final reports are issued by the IMF and acknowledge Bank input but are not joint products; the Bank often provides annexes to the IMF report but does not issue a separate document.

99. Collaboration on climate change has been an important issue for the Executive Board. The importance of the Fund collaborating with the World Bank and other external partners on these issues has been included in Summings Up of a number of recent Board discussions on climate policy papers; several Directors also made a point to welcome joint work with the Bank on natural disasters for the 2018 Sri Lanka Article IV consultation.

D. Evidence of Collaboration and Its Effectiveness

Bilateral surveillance

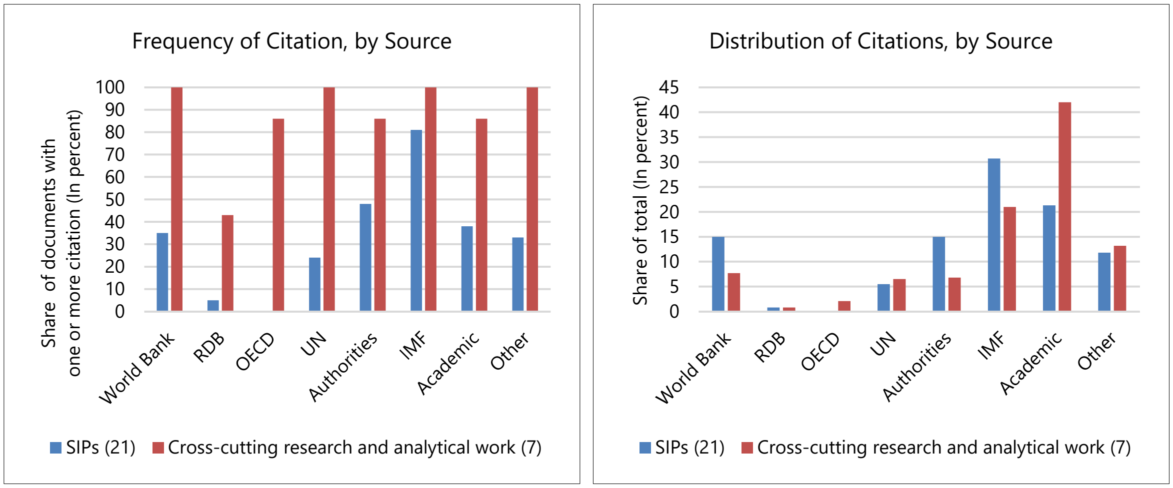
100. The extent and focus of collaboration on energy and climate issues in Article IV surveillance varied across country cases. An inter-departmental memo to Management assessing the second wave of pilot cases noted that some pilot teams had drawn on external sources of information, from a range of organizations including the World Bank (IMF, 2017e) on issues where the Fund lacked expertise, such as disaster risk mitigation and climate adaptation (e.g., Sri Lanka, Vietnam, Ukraine, St. Lucia).[38] But pilot teams working on country cases that focused on energy subsidies and carbon taxes reported relying on FAD expertise and tools.

101. This evaluation also found examples of collaboration on some energy/climate issues, while on others the IMF undertook its work more independently. For the 26 country teams in the three waves of the energy/climate pilot, we identified 21 SIP chapters on energy/climate issues. We identified one SIP chapter that was co-authored with Bank staff, for the 2018 Sri Lanka Article IV consultation (IMF, 2018i; see discussion in paragraph 110 below). One SIP chapter on "blue economy" issues published by the IMF for the Seychelles 2017 Article IV consultation was authored solely by three Bank staff members, as part of the CCPA (IMF, 2017g).

102. Counts of citations (excluding data citations) suggested that teams drew extensively on previous IMF and academic research, but less so on research from the World Bank, OECD, ILO or the United Nations (Figure 4 below).

[38] Other sources of information identified were the International Energy Agency, European, Commission, United Nations, and Inter-American Development Bank.

Figure 4. Citations in IMF Documents: Energy/Climate, 2015–19



Source: IEO analysis.
Notes: Does not include citations associated with datasets.
SIP=Selected Issues Paper and denotes a stand-alone paper, where applicable, or SIP chapter. RDB =Regional Development Bank. OECD=Organization for Economic Cooperation and Development. ILO=International Labour Organization. UN=United Nations and denotes the UN or specialized agencies other than the ILO. Authorities=central banks, ministries. "Other" includes think tanks, civil society organizations.

103. We selected six pilot countries for more in-depth study through interviews with Fund staff and (where relevant) representatives from the World Bank, including two for which a CCPA was undertaken.[39]

104. For the four pilot countries in our sample that did not undertake a CCPA, the extent of collaboration ranged widely.

- At one end of the spectrum, the India team had no engagement with the Bank on climate issues, having chosen to rely on country team resources based on a judgment that the Bank had not done relevant work on the macroeconomic implications of climate change. The Vietnam team also had no direct engagement with the Bank in its work on climate, though the team used FAD work which in turn had drawn on World Bank analysis of infrastructure costs.

- At the other end of the spectrum, the IMF team working on the 2018 Sri Lanka Article IV consultation produced a SIP chapter on natural disaster risks co-authored with the Bank (IMF, 2018i). The Fund team had decided to focus on post-disaster relief readiness and budgetary impact, and disaster risk insurance and reached out to Bank staff who they were aware had done work on disaster risk in Sri Lanka. The Bank country team put the Fund team in contact with a specialist with the Bank's Disaster Risk Financing and Insurance Program. The Fund team said the subsequent engagement was productive and resulted in a co-authored SIP chapter. The Fund team attributed the success of the collaboration to clear complementarity of expertise and demarcation of roles, with the

[39] India, Jordan, Sri Lanka, Vietnam, plus two pilot countries that also underwent CCPAs—Seychelles and St. Lucia.

Bank's input focusing on the design of a financial instrument for mitigating risk. Fund staff felt that incentives in the two institutions were well aligned: Bank staff were keen to work with the Fund to get more traction with the authorities for their climate change work.

105. The two pilot cases in which CCPAs were conducted also had different experiences of Bank-Fund collaboration. In the case of the first pilot CCPA, for the Seychelles, Fund and Bank interviewees told us that Bank involvement was limited (only one Bank staffer went on the mission), but both sides felt the collaboration was nonetheless effective. This in part reflected the generally strong existing relationship between the two country teams. The CCPA informed four SIP chapters supporting the 2017 Article IV staff report.[40]

106. The second CCPA, for St. Lucia, involved more extensive Bank-Fund collaboration, but this was not always smooth. The Bank and Fund staff we interviewed were generally positive about some specific pieces of joint work, such as a coordinated effort to reconcile Bank and Fund models and assumptions. But Bank interviewees also pointed to significant challenges in working with the Fund. In particular, they described insensitivity to Bank timing and resource constraints, inflexibility about the timing of publication, and publication of the CCPA as a Fund rather than joint document. For their part, Fund staff said that Bank staff had not raised resource issues at the time of the CCPA work and that they prepared the CCPA to accompany the Article IV staff report because that is the established mechanism in the Fund for submitting it to the Board.

Research and policy work

107. We found no examples of analytical or policy papers on climate issues jointly authored with the Bank. However, a number of recent Board papers on climate issues have benefitted from significant Bank contributions:

- Several Fund interviewees who worked on the 2016 Board paper on natural disasters explained that they had actively sought out Bank expertise, which is reflected in the large number of references in the paper to Bank policies, instruments and analytical work (IMF, 2016h). An interviewee from the Bank told us that while they had no doubt that the approach from Fund staff for Bank input was genuine, the engagement was hampered by the Fund's reluctance to share drafts of the Board paper with the Bank for comments.

- The 2019 Board paper on Resilience to Natural Disasters drew extensively on the work of the Bank for its key recommendation that vulnerable countries develop comprehensive disaster resilience strategies in consultation with development partners and other stakeholders (IMF, 2019c). The paper also emphasized that the Fund, collaborating with the World Bank and others, can bring together stakeholders—private insurers, governments, donors, and climate funds—to tackle issues such as impediments to

[40] As noted above, one of those chapters was written by Bank staff; the other three were written by Fund staff.

market-based risk transfer or better connecting small states with the climate funds. The Board paper included an Annex on the World Bank Group's support for resilience.

108. In addition, the October 2019 *Fiscal Monitor*: *How to Mitigate the Costs of Climate Change* noted that the paper benefited from comments from a wide array of outside experts, including World Bank and Inter-American Development Bank staff. Citation analysis of seven analytical and policy papers showed that all cited at least one publication each from the World Bank and United Nations; most also cited at least one OECD publication. However, citations of academic and other IMF publications accounted for about two-thirds of citations (Figure 4).

109. In recent months, the IMF substantially stepped up its work agenda on climate issues, and there is more engagement with the World Bank. For instance, the Fund has agreed, pending Board approval, to a proposal from the Bank that the two institutions co-chair the secretariat for the Coalition of Finance Ministers for Climate Action, a new initiative intended to boost engagement on climate issues from Finance Ministries, which have a potentially important role to play in addressing both the mitigation and adaptation aspects of climate issues. In September 2019, the IMF also joined as an observer a group of central banks and financial regulatory agencies known as the "Network for Greening the Financial System" that works to understand and manage financial risks and opportunities related to climate change.

Quality and impact

110. Where they had worked together, both Fund and Bank staff recognized that collaboration had contributed significantly to the quality and traction of their work. This is well illustrated in the case of the St. Lucia CCPA, for example. In terms of quality, Fund interviewees told us that their analysis of climate issues in the Article IV surveillance the year prior to the CCPA was tentative, whereas the following year the CCPA policy analysis, with Bank input, was stronger, broader and more specific (e.g., recommending a carbon tax). Regarding traction, Bank staff told us that the joint nature of the work meant both Bank and Fund gained credibility with the authorities. Bank staff also thought that Fund involvement helped the Bank gain access to Finance Ministry officials who were critical to getting traction for climate action within the government.

111. Fund and Bank staff interviewed for this evaluation pointed to attempts on both sides to engage on policy issues but with mixed results. For instance:

- There has been good ongoing engagement between Fund and Bank specialists to develop the Fund's spreadsheet tool for analyzing fuel subsidies and potential carbon taxes in country-specific contexts over many years. The Bank approached the Fund about making the tool more user friendly; the Fund decided against the Bank's proposal to develop a revised, joint model but generally supported the Bank's efforts to produce their own version of the Fund's model (while at the same time retaining the Fund version and its key parameters and assumptions). Bank interviewees said they understood the

Fund's decision but believed a jointly-agreed, single version of the spreadsheet tool would have been a better outcome for member countries.

- The Fund sought some Bank input to the work reported in the October 2017 WEO on the long-term economic effects of weather shocks on low income countries (IMF, 2017k). Bank staff interviewed for this evaluation took the view that the Fund's analysis of long-term growth impacts was based on a flawed modelling approach, capturing only a narrow set of potential impacts and thus leading to a much lower estimate of adverse impacts than should have been the case. While acknowledging that these issues were very challenging, Bank staff felt that this was a case in which there should have been more effort to collaborate, as combined efforts could have improved the analysis.

112. There were also missed opportunities for collaboration in the context of the energy and climate pilot. Regarding collaboration with the Bank, in 2015 the Fund and Bank published very different estimates of the global cost of energy subsidies. Because of different definitions, the Fund estimate was $5 trillion, while the Bank's was $500 billion.[41] Although the two very different estimates were consistent once the differing definitions were taken into account, the presentation of different numbers created confusion among stakeholders, reducing the joint impact of the two products.[42] We also heard criticism from some Executive Directors that Fund staff had overlooked climate issues entirely in Article IV reports for some advanced economies, despite the OECD having covered climate issues in those countries.

Resource issues

113. The teams that focused on energy subsidy and carbon pricing issues under the pilot were very positive about the support received from FAD, which in some cases significantly reduced the team resources they would otherwise have had to deploy. However, teams covering other climate issues reported little input from the Advisory Group. Nonetheless, in some cases (e.g., Sri Lanka and Seychelles, as mentioned above), Fund teams benefitted substantially from collaboration with the Bank to cover climate issues, drawing on Bank expertise and relieving resource constraints on the Fund team.

114. A factor that seems to have hindered collaboration on climate issues has been the very low level of staff resources devoted to these issues in the IMF. Staff from both the Fund and Bank interviewed for this evaluation emphasized this point. Until very recently the Fund essentially had only one or two experts devoted to climate change work beyond energy subsidy issues, even following the Managing Director's statement in 2015 identifying areas in which the Fund could support member countries in dealing with the macroeconomic challenges of climate change.

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[41] See Coady and others (2015), and Kojima and Koplow (2015).

[42] Both Bank and Fund Staff told us that they were actively working to address this issue.

E. Lessons

115. There are clear complementarities between Fund and Bank expertise and experience on climate change that should provide the basis for productive collaboration. The Fund is better placed to influence the large carbon emitting countries and has widely respected expertise in energy subsidy reform and carbon taxation; while the Bank has deep expertise on adaptation strategies, including disaster insurance.

116. In some cases, collaboration has worked. For countries where energy subsidies were the focus, the Fund had sufficient internal expertise to meet country teams' needs, though the Bank saw scope to add value to existing Fund work, for instance in creating a more user-friendly version of the Fund's tool for analyzing fuel subsidies and potential carbon taxes, which the Bank is now doing, with Fund endorsement. For adaptation and disaster risk management the Fund has increasingly recognized the need to actively work with the Bank.

117. But the Fund could have done better. Some Bank staff have retained negative sentiments about the experience of working with the Fund, while more and earlier concerted effort by the Fund to engage the Bank on some multilateral, analytical and financial sector work related to climate change would have been beneficial, since more consistent and reinforcing messages would likely have had greater credibility and impact.

118. Staff in both the Fund and Bank expressed frustrations in identifying the right counterpart on the other side. Fund staff noted that there were many actors and facets of climate work at the Bank, sometimes making it difficult to get a consistent response or decisive Bank position. On the other hand, the Fund's limited engagement on climate meant that the Bank also had trouble identifying someone "in charge" on climate with whom to engage, contributing to a sense among some Bank staff that the Fund was not a key partner on climate issues. Some Bank interviewees also felt that the Fund could have been more persistent in their efforts to identify and engage with the Bank.

119. The Fund's narrow focus on energy subsidies and carbon pricing, and limited resourcing on climate related work, seems to have both helped and hindered collaboration. The absence of Fund expertise in some of the adaptation aspects of climate change, combined with tight resources in the country team, was a factor in prompting some pilot country teams to actively seek out World Bank expertise and input. On the other hand, some Bank staff perceived that there was no senior Fund staff member acting as a coordination and focal point for engagement with the Bank and that this, along with the limited climate change expertise on Fund staff, limited the extent of Fund-Bank collaboration.

120. The experience so far of CCPAs offers several lessons for Bank Fund collaboration more widely. It was a bottom-up initiative that has been developed flexibly (for example, finding ways to move forward without requiring full, formal agreement between Bank and Fund on technical issues which can be relegated to separate Fund and Bank technical appendices) and without a

large dedicated budget, to the point where it is seen by Bank and Fund staff, the Fund Board, and the recipient authorities as adding value. But greater attention by the IMF to constraints on the Bank side and greater effort to acknowledge Bank input could promote greater commitment and motivation on the part of Bank staff to help with the initiative. Fund staff have made progress with a review of experience with CCPA pilots, including a survey of mission chiefs, Executive Directors, and authorities. According to Fund staff, Bank and Fund staff are working on a more formal and mutually agreeable framework for collaboration as part of this exercise.

VI. PILOT PROGRAM ON MACROSTRUCTURAL REFORMS

A. Background

121. Structural reforms have to varying degrees been a part of the IMF's agenda in member countries at least since the 1970s. Where relevant for macroeconomic outcomes, IMF-supported programs as well as surveillance have addressed structural issues for particular countries, although in the early 2000s there was an effort to narrow the focus to core issues at the center of the IMF's mandate and expertise. However, in the wake of the global financial crisis, the IMF and others paid renewed attention to structural reforms as a vehicle to tackle lackluster growth and productivity in a wide range of member countries. In addition, structural reforms were highlighted as an important element for working toward the Sustainable Development Goals (2030) in LICs (IMF, 2015c).

122. This shift toward greater focus on structural issues was examined in the 2011 Triennial Surveillance Review. This review recognized tensions between the breadth and the depth of analysis, as well as the greater expertise of other institutions (e.g., the World Bank, the OECD, and the ILO) on social and labor market issues. The review recommended that, in order to strengthen relevance and traction, Article IV consultations should cover macro-social issues, albeit selectively, by focusing on those issues that pass the test of being critical to the assessment of members' macroeconomic stability, leveraging effectively other institutions' expertise where the Fund's own expertise was lacking.

123. Efforts initially focused on productivity, for instance through an interdepartmental workstream on Jobs and Growth launched in 2012. Around the time of the 2014 Triennial Surveillance Review, IMF staff began scoping out the analytical issues and role for the IMF on a broader set of macro-structural reforms. The 2014 TSR identified structural policy advice as an operational priority for surveillance and called on teams to recognize all macro-critical structural issues and their macroeconomic implications.

124. The subsequent 2015 Surveillance Guidance Note clarified that "every issue does not need to be included in every report, particularly if an issue has been covered in sufficient depth in previous reports" and called on teams to exercise judgment and take into account country circumstances in assessing macro-criticality, which was described as "affect[ing] or [having] the potential to affect, domestic or external stability, or global stability" (IMF, 2015a). As detailed in

paragraph 8 above, teams were asked to draw on external expertise where necessary—especially if issues were deemed macro-critical but the IMF lacked expertise to undertake analysis on its own.

125. Subsequently, IMF staff produced a series of papers laying out the path to deepen surveillance on structural issues. Staff laid out initial considerations for the Board in March 2015 and began developing a framework for prioritizing reforms (IMF, 2015e). Complementing these policy papers was a stream of cross-cutting research and analytical work, including a WEO chapter on "Macroeconomic Effects of Labor and Product Market Reforms in Advanced Economies" (IMF, 2016b). IMF staff prepared several further papers for the G20, laying out a framework for prioritizing structural reforms and identifying particular reform priorities for different categories of countries in this group (see, for instance, IMF, 2016c).[43]

126. With growing interest from member country authorities and others in how reinvigorating structural reforms could help raise potential growth (IMF, 2016g), the IMF launched a pilot program in December 2016 to enhance the focus on structural reforms in bilateral surveillance and briefed the Board informally in February 2017 (IMF, 2017a). Staff also continued to carry out analytical studies of structural issues.[44] This included work to expand the focus of its analysis of structural reforms to include a wider range of country situations, an informal briefing for the Board in March 2018 on challenges in determining how to prioritize these structural reforms in LIDCs, and a note on these issues for country teams (IMF, 2018d). Work on a planned comprehensive structural reform database for EMDCs and a toolkit for IMF teams undertaking analysis in these countries is still ongoing (see below).

B. Pilot Mechanics

127. The macro-structural reform pilot took place in two waves, with country teams from 40 country participating overall (see Annex 1). The pilot was coordinated by SPR in collaboration with the new structural reform unit in the Research Department created in 2017. Although no formal Advisory Group was established for this pilot (as had been done for the earlier inequality, gender, and climate change pilots), an informal coordinating committee with participants from key functional departments and area departments met periodically to provide input on design and needed supports such as training.

128. An April 2017 "How To" note aimed to lay out a road map for teams in addressing macro-structural reforms in bilateral surveillance (IMF, 2017b). Other mechanisms to support participating country teams included:

- Brainstorming sessions for country teams in the pilot with functional department experts to help identify the key structural issues, weigh their importance for growth and

[43] The OECD, and to a lesser degree the World Bank and ILO, were also involved in this effort; the IMF sometimes prepared joint papers with these partners and at other times the institutions sent separate papers to the G20.

[44] For instance, Adler and others (2017), and Banerji and others (2017).

productivity ("macro-criticality"), and discuss priorities for country teams' analysis. It was the responsibility of each team to initiate a brainstorming session, based on a short note identifying policy gaps and proposing a focus for analysis under the pilot.

- Dedicated review of pilot cases, focusing on the "policy notes" prepared by country teams to establish the agenda for annual Article IV consultations but also including staff reports, to assess the depth of analysis and integration of structural issues into the overall macroeconomic framework and advice. Considered by IMF staff to be "a core element of the initiative," this dedicated review was folded into the central SPR review process as the pilot drew to a close, as part of an SPR restructuring occurring at that time.

- Training for staff on approaches to prioritizing structural reforms (e.g., growth diagnostics) and on analytical aspects of particular macro-structural issues such as financial development and inclusion, labor and product market reforms, and diversification and industrial policy.

- An online knowledge exchange site providing staff with access to external public data sources; tools developed within the IMF and available publicly from external sources including the World Bank[45]; internal resources including research and cross-country work on macro-structural issues, policy papers, guidance notes, and examples of Article IV surveillance reports demonstrating good practices for teams in the pilot; and a list of subject experts in the IMF and country contacts at the OECD (but not the World Bank).

129. As discussed in Section I above, a decision was taken in late 2017 to mainstream this pilot after the conclusion of the second wave, and by May 2019 the pilot had been largely concluded and integrated into the overall surveillance process along with the inequality and gender pilots.[46] To help maintain momentum and enhance accountability, staff recommended replacing the existing informal interdepartmental mechanism that had guided work on the macro-structural pilot with an Advisory Group (IMF, 2019b); the composition and leadership of this group was approved by management in September 2019. The structural reform unit in the Research Department was tapped to coordinate work and deepen the knowledge base, with SPR accessing functional departments' expertise to support country teams and ICD continuing to provide training focused on structural reforms. Staff also proposed a planning and reporting tool to facilitate early engagement and consultation with interdepartmental teams.

[45] With respect to the Bank, this include links to its public websites on agriculture, competitiveness, labor markets, trade, and its systematic country diagnostic process. Beyond the Bank, there were links to the OECD's "Going for Growth" publications, a European Commission website on structural reform priorities, and the ILO's global research agenda.

[46] A few Article IV consultations that officially were part of the pilot were still ongoing at this time.

C. Arrangements for Collaboration with External Partners

130. The initial conception of the pilot included collaboration with other international organizations, consistent with the parameters laid out in the 2015 Surveillance Guidance Note. The first Board paper laying out staff's proposed approach to enhancing work on structural reforms identified areas in which the IMF should build its own expertise and areas in which it should leverage expertise of other institutions to provide country-specific analysis.[47] The former areas included labor market and infrastructure, which "may not be traditional for the Fund or where the Fund may not have established expertise, but are more likely to have a significant bearing on macroeconomic performance for a 'critical mass' of the membership" (IMF, 2015e). The latter areas included innovation and product market reforms, where it was envisioned that the IMF should leverage the expertise of the OECD on product market reforms, and agriculture, where the Fund would rely on the World Bank. In the areas targeted for collaboration, staff intended to "develop clearer protocols and modalities for inter-agency collaboration, … where possible build[ing] on, or draw[ing] lessons from, existing dialogue (e.g., with the OECD on product and labor market issues)" (IMF, 2015e).

131. IMF staff began to explore how to bring about the enhanced collaboration they envisioned in 2016. Staff recommended to Management "establishing points of contact … and agreeing with them on an initial set of informal mechanisms for cooperation … [with the goal of] building bridges and enhancing knowledge sharing when and where there is alignment of interests and timing between the Fund and other agencies" (IMF, 2016i). Staff recommended against seeking new formal collaboration agreements, which would be "a lengthy and challenging process" and would be complicated by differing priorities and incentives. In any case, they argued, collaboration with the Bank was already governed by the 1989 Concordat. Further, they felt that flexibility would be important to enable the Fund to focus on different issues depending on country circumstances.

132. IMF staff identified four potential modalities for enhanced collaboration: *joint work* in the context of surveillance to help teams provide more granular policy advice in areas where the Fund's expertise is limited or lacking; *staff exchanges*, including short "visits" (for instance for workshops or trainings) to help share expertise; *knowledge exchange* using the Fund's toolkit to share information on analytical and research work, data, and expert contacts; and an *annual conference* co-hosted with the OECD and World Bank to help facilitate collaboration by enhancing high-level dialogue. (IMF, 2017a).

133. A cross-departmental IMF staff team discussed these modalities with counterparts at the World Bank—as well as the OECD, WTO, and ILO—but met a mixed reaction. In particular, other organizations were reportedly sensitive about potential risks posed by joint paper authorship, particularly related to policy position independence—a concern shared by the IMF staff team as

[47] "Structural Reforms and Macroeconomic Performance: Initial Considerations for the IMF" (IMF, 2015e).

well. As such, IMF staff warned management that jointly authored papers would be limited to narrowly-defined technical issues, published as working papers independent of Article IV staff reports (though they would hopefully inform them), and likely quite small in number at least initially (IMF, 2017f). In addition, IMF staff reported to management that their interlocutors in the World Bank and other organizations were to varying degrees skeptical about the value to them of knowledge exchange on issues that had long been part of their work but were newer to the IMF—hesitating to commit to an engagement plan that they felt would require them to provide technical assistance to the IMF or function as research assistants for IMF staff. Given these circumstances, IMF staff reported to management that the most significant benefit of collaboration on this pilot was likely to be in adding to the IMF toolkit and strengthening informal communication (IMF, 2017f).

134. Other aspects of the outreach to other organizations met with a more positive response (IMF, 2017f). In particular, the OECD and World Bank agreed to undertake a joint annual conference. Counterparts in the Bank and other organizations also all concurred on the value of informal communication between country teams at appropriate stages in the work. They were also interested in the Fund's plan to create a toolkit for analysis of MS issues, drawing on work in the public domain, and making the resulting website publicly available. IMF staff reported that the World Bank would consider participation of its staff on IMF AIV missions on a case by case basis; Bank staff would take part in technical meetings relevant to their technical expertise but not policy meetings.

135. The IMF identified six country cases that were to be a particular focus of collaboration with the World Bank under the pilot (Argentina, Brazil, Egypt, Indonesia, Mexico, and Morocco). It was intended that these cases would be identified by the IMF and World Bank together, but in the end the IMF chose them based on the interest of staff teams or a perception that their characteristics made them particularly appropriate for enhanced collaboration with the Bank. This designation largely amounted to a heightened expectation for country teams to collaborate.

136. The responsibility for engagement—reaching out to counterparts, discussing macro-structural issues, and agreeing on any division of labor or joint work—was left to country mission chiefs and their teams at the IMF, who were "encouraged" to reach out to the World Bank country economist as their initial point of contact. The March 2018 staff note exploring structural issues and prioritization of reforms in emerging markets an developing countries also stated that "where Fund expertise is limited or lacking, the use of third-party resources and expertise could be helpful" and pointed in particular to the World Bank's Systemic Country Diagnostic reports as "useful sources for LICs and some EMs" (IMF, 2018d). However, no specific expectations were established for teams about how to collaborate nor what it should entail. The "How To" note provided to staff teams included collaboration with other agencies in the section on "resources available" to country teams but did not integrate it as a part of the main steps of participation in the pilot (IMF, 2017b).

137. The knowledge exchange website gave some attention to collaboration but was limited in the information it provided. For instance, the page listing OECD country experts suggested

that “cooperation should run both ways” and asked teams to consider whether they could share “at an early stage” their own work that might be of interest to OECD counterparts. However, as noted above, there was no information about experts at the World Bank.[48] Further, there was no vehicle on the KE site or elsewhere to identify ongoing or unpublished work at the Bank or other organizations that may have been pertinent to IMF staff analysis of structural reforms.

138. Collaboration was not featured in the staff memorandum to management about mainstreaming the pilots, although the annual joint conference with the World Bank and OECD on macro-structural issues was highlighted as a sign of enhanced engagement with both institutions (IMF, 2017l).

D. Evidence of Collaboration and Its Effectiveness

Bilateral surveillance

139. IMF staff assessments of the pilot indicate that collaboration with the World Bank on these issues overall did not live up to their initial aspirations. Staff acknowledged in a memo to management that collaboration under the pilot got off to a slow start (IMF, 2017l). This memo reported that, outside of a few successful cases, Article IV staff reports did not explicitly make use of expertise from other agencies where it could have been useful. Further, it appeared that mission chiefs were not motivated to engage: a survey by Fund staff found that only about half of mission chiefs participating in Wave 1 of the pilot had initiated consultations with counterparts at the World Bank and/or OECD, and of those that did, only half found it useful. Mission chiefs participating in the pilot were much more interested in more IMF analytical tools and accessing internal expertise as ways to further strengthen their analysis than they were in enhancing collaboration with other agencies.[49]

140. In this 2017 mid-pilot assessment, IMF staff took the view that there was potential to strengthen collaboration, particularly with the World Bank and OECD. However, they expressed caution about the prospects, noting that “tangible progress in this area will depend on individual country teams taking the initiative to explore technical-level collaboration with their counterparts” as well as the willingness of others to engage (IMF, 2017l).

[48] As part of their initial efforts to establish a framework for collaboration, IMF staff leading the pilot asked their Bank counterparts for a list of experts, but Bank staff decided that having IMF staff contact country economists or practice managers in order to access technical experts was a better approach, since these Bank economists would have more context for Fund requests and were more likely to have up-to-date contact information than a standing list.

[49] A 2017 survey of mission chiefs conducted by SPR found that 78 percent were interested in greater support from the interdepartmental group in the form of analytical tools; 58 percent wanted more help identifying internal experts; 50 percent saw value in more specific feedback/comments and in more data on macro-structural indicators; 43 percent were interested in help identifying external experts; and 28 percent were interested in facilitation of collaboration with other agencies (IMF, 2017l).

141. The March 2018 staff note on prioritizing structural reforms in emerging market and developing countries added further corroboration about how little IMF staff looked to other organization for input or analysis (IMF, 2018d). This note surveyed IMF staff teams for EMDCs about what they saw as bottlenecks in economies, the types of reform recommendations they had included in surveillance, the techniques they used to identify structural gaps, and the economic and other considerations that teams take into account when providing reform advice.[50] The top consideration given by both EM and LIDC teams was recommendations made by IMF technical assistance. For EM teams, empirical work or cross-country analysis was nearly equal to TA analysis in importance, and qualitative judgement of factors hindering growth was close behind. For LIDC teams, substantially behind TA recommendations in importance were qualitative judgment of factors hindering growth and empirical work/cross-country analysis. For both groups of country teams, studies by the World Bank or other IFIs ranked last.[51]

142. This evaluation largely confirmed staff's initial assessment. More so than for the other three pilots examined here, IMF staff made an effort to establish a basis for collaboration, by laying out the four-part framework described above and reaching out to counterparts at the World Bank, as well as the OECD and ILO, to enlist their participation/cooperation. However, while there was some degree of engagement with the Bank on macro-structural issues by country teams, there was little evidence of collaborative analysis or outputs by these teams during the pilot period.

143. As anticipated by staff, there was very little explicit, formal collaboration under the pilot in the form of joint papers. Among the SIPs on macro-structural issues in the six countries identified as particularly ripe for collaboration with the World Bank, there was no joint work by IMF staff with World Bank counterparts. Across the full set of 42 pilot cases, we identified two jointly authored SIP chapters: one with a World Bank economist assessing interventions to reduce distortions in the labor market in Saudi Arabia (IMF, 2018k); and one with World Bank and Asian Development Bank economists on labor markets and the education system in Georgia (IMF, 2018h). Another SIP chapter, on strengthening transparency and governance in Nigeria, acknowledged comments from Bank counterparts (IMF, 2018g).

144. Citation of publications by World Bank staff and other external experts was more prevalent, although much less so than academic and other IMF publications. A desk review of 62 SIPs under the pilot found that 40 percent included one or more citations of World Bank documents and 34 percent included one or more citations of OECD documents, but together these made up only about 10 percent of total citations in the SIPs (Figure 5).

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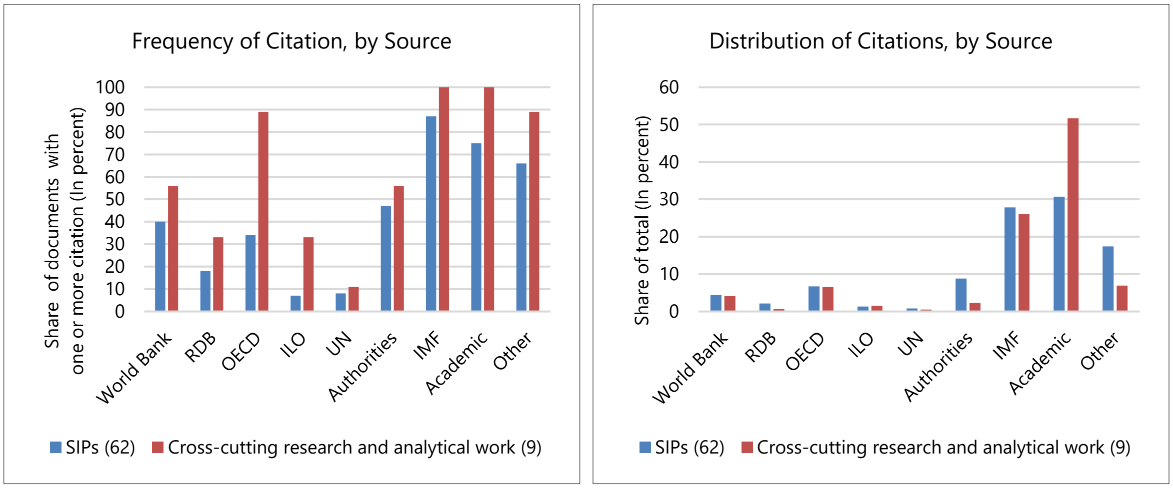
[50] This survey benefited from a robust response rate of 76 percent, with 117 EMDC teams responding (76 percent of population).

[51] A normalized rank index was created by aggregating the rank options and dividing by number of countries in each country group. Studies by the World Bank and other IFIs received with a normalized rank index of about 0.5, compared to 0.75 for TA recommendations for EM teams and 0.9 for TA recommendations for LIDC teams.

Figure 5. Citations in IMF Documents: Macro-Structural Reforms, 2017–19



Source: IEO analysis.
Notes: Does not include citations associated with datasets.
SIP=Selected Issues Paper and denotes a stand-alone paper, where applicable, or SIP chapter. RDB =Regional Development Bank. OECD=Organization for Economic Cooperation and Development. ILO=International Labour Organization. UN=United Nations and denotes the UN or specialized agencies other than the ILO. Authorities=central banks, ministries. "Other" includes think tanks, civil society organizations.

145. Among the six cases targeted as most likely to benefit from collaboration with the Bank, consultation and engagement with Bank counterparts across the full range of issues was generally the norm and often included discussion of macro-structural reforms, even in the absence of formal joint work or input. However, the depth of engagement and views about its value varied.

- In the case of Argentina, the IMF and World Bank teams conferred informally on issues including structural reforms when the IMF resumed Article IV consultations in 2016[52], but collaboration intensified significantly once program negotiations began, as the teams needed each other's input to design the details of the program. Fund staff also reported that analysis of product market trade reforms produced by a Bank economist provided important input.

- In Brazil, close connections with Bank staff (facilitated in part by shared office space in-country and the move of a senior Fund staff member to the Bank) led to some inter-connected work related to structural reforms—notably on public banks and state-owned enterprises.[53] The Fund also undertook its own independent work, for instance on the

[52] No Article IV consultations were concluded with Argentina from 2006–15.

[53] Fund and Bank staffs agreed that this was an important issue: the analysis was undertaken by a former IMF staff member who had moved to the Bank, the IMF Mission Chief served as a peer reviewer for this work; and the 2017 Article IV consultation drew on the results (even if not explicitly because of timing sensitivities).

potential impact of different structural reforms and public views about their importance, which they noted provided a new perspective that was valued by the Bank.

- In Egypt (the other case with an IMF-supported program), Bank staff helped connect the Fund team with Bank experts who had worked on key structural issues (e.g., energy, business environment, governance, land reform, and labor markets), and Fund staff sought reactions from Bank staff to structural reform sections of draft reports.

- In Mexico, the mission chief reported that most of the expertise needed for the work undertaken as part of the pilot was available within the Fund, but the team did discuss the work with Bank staff as part of their regular engagement, which both sides characterized as a strong working relationship.

- In Morocco, the Fund country team interacted fluidly with Bank staff, including requests for input on labor market, education reforms, and decentralization. Of note, the 2017 Article IV staff report included a box credited to Bank staff on targeting of social programs. The 2019 SIP analysis on the sequencing of structural reforms to achieve job-rich growth used an IMF model (developed in SPR) and thus solely represented IMF work, although the text also references the Bank's Systematic Country Diagnostic and a Bank working paper on informal employment.

146. There were also some examples of collaboration with organizations besides the World Bank, although not very extensive. For instance, research undertaken by an OECD visiting scholar was included in an annex on collective bargaining in the 2016 Article IV staff report for Portugal and also published as a SIP.

Research and policy work

147. Explicit collaboration in the form of co-authored publications on macro-structural reforms under the pilot was limited, although evidence of informal collaboration was more common.

148. There were a few policy papers on conceptual or overarching considerations that reflected explicit joint work with other organizations. As noted above, the IMF prepared several joint papers with the OECD on structural reform issues for the G20, although there were also separate papers from each institution for the G20.[54] Joint papers with the World Bank on structural issues were less prominent; we found only one example, a coauthored paper by Bank

[54] There were also separate papers from each institution to the G20. For instance, in April 2016, the IMF prepared a paper for the G20 on "A Guiding Framework for Structural Reforms" (IMF, 2016a) while the OECD prepared a paper discussing structural reform priorities (OECD, 2016); in July 2016, the IMF prepared its own paper on "Priorities for Structural Reforms in G-20 Countries" (IMF, 2016c).

and Fund staff on "Export Quality in Advanced and Developing Economies," published in 2017 by the Bank (Henn and others, 2017).

149. More often, theoretical research and cross-cutting analysis underpinning or informing the pilot was produced independently by IMF staff, with occasional references to work prepared by the OECD or World Bank and more heavy reliance on other IMF and publications and academic work. Five of the nine cross-cutting analytical papers on macro-structural issues (SDNs and a WEO chapter) reviewed for this evaluation contained one or more citations of World Bank publications, and all but cited one or more OECD publication, but these citations only made up only a small fraction of the total citations, which were more heavily weighted to academic and IMF publications (Figure 5). One paper expressed appreciation for helpful discussions and advice with staff at the World Bank and ILO.

150. So far, two of the agreed joint conferences on macro-structural issues have taken place.[55] These conferences aim to bring together policymakers and practitioners, international institutions, and leading academics to discuss key policy issues related to structural reforms. These conferences provide opportunity to learn about work on structural reforms taking place in the academic realm, as well as other international organizations. They also enable staff to mix and interact with staff from these other organizations, potentially helping to build personal connections and networks. However, few IMF staff have presented their work at the conference—one staff member from RES in the first year (who was also the co-organizer of the conference) and one staff team in the second year.

151. IMF staff, with support from DFID, is engaged in ongoing work to build a data base of structural reforms in EMDCs.[56] Staff had found that an absence of data on structural reforms in these countries impeded their efforts to deepen attention to the potential contribution of structural reforms to growth and provide advice about prioritization for these member countries. Because the World Bank had long been active on structural issues in EMDCs, and with the urging of the IMF Board, IMF staff reached out to Bank staff to benefit from their experience and collaborate in this effort but were not able to find any activity or interest in this on the Bank's side. Initial results of this work by the IMF were published in an October 2019 SDN on "The Political Costs of Reform: Fear or Reality" (Ciminelli and others, 2019), were discussed in an informal Board seminar over the summer, and were the subject of Chapter 3 of the October 2019

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[55] The first conference (2018, hosted by the OECD) focused on the area of product market competition and regulation and growth, examining how changes in product market competition over the last twenty years have affected productivity growth, innovation, and income distribution, and exploring the implications for competition policy and market regulation. The second conference (2019, hosted by the World Bank) focused on the potential contribution of structural reforms (e.g., in the areas of labor and product markets, openness to international trade and finance, and depth of domestic financial markets) to helping countries build resilience to economic shocks.

[56] Several contractual research officers working on the database are funded with DFID resources. Fund staff also hired outside experts as consultants to advice on the design and inputs for the database, as well as to validate the result.

World Economic Outlook on "Reigniting Growth in Emerging Market and Low-Income Economies: What Role Can Structural Reforms Play" (IMF, 2019d). This work will culminate in a Board paper that will present the dataset and a toolkit for mission chiefs to use in discussions with authorities, which will be publicly available.[57]

152. Fund staff also saw presentations or workshops by experts from the Bank or OECD as potential vehicles for sharing knowledge across the institutions. In the four-year period 2016-2019, there were five workshops organized jointly by the IMF (RES) and the World Bank, in which the institutions brought in academics to address a range of structural reform topics.[58] In addition, one World Bank staff member presented at a Research Department seminar (Vegh, 2017).

153. As noted above, IMF staff intended to explore the scope to arrange for visiting scholars or other short visits by one or two staff members from other international organizations, e.g., to conduct workshops on specific structural issues, and for Fund staff to be hosted by other agencies in order to help build expertise on particular macro-structural issues. Two staff members from the OECD were seconded temporarily to the IMF's Research Department, where they contributed to work on the April 2016 WEO chapter on the macro effects of structural reforms in advanced economies (as well as the work on Portugal cited above), but this was an isolated case.

Quality and impact

154. Bank staff interviewed for this evaluation did not question the quality of the IMF's work on macro-structural reforms overall. However, it is apparent that policy advice of the two institutions was not always well aligned. Some of this may have been natural, reflecting different angles on the issues at hand resulting from different institutional mandates. However, while there was more engagement in some cases than others, both the IMF staff assessments and this evaluation's analysis concluded that the extent of collaboration was uneven and fell short of potential.

155. In the country cases discussed above, collaboration appears to have added value to varying degrees. In Argentina and Egypt, where both institutions were engaged in financing programs, collaboration with the Bank was regarded as instrumental to the development of specific reforms. The benefits of collaboration to the quality and depth of analysis and advice on public banks in Brazil were also emphasized by both Bank and Fund staff. Several staff

[57] Staff envisions that the completed database will be used to study, for instance, the macroeconomic and distributional effects of structural reforms, political drivers and costs of structural reforms, and the effect of reforms on resilience to shocks. The resulting analyses can help guide the design, prioritization, and implementation of reform programs.

[58] Topics addressed from December 2016 through April 2019 included welfare effects of transportation improvements; connections between structural change and global trade; structural change in the service sector.

interviewed from both institutions made the case that the institutions were stronger and more convincing when they advocated together for reforms.

156. On the other hand, there were also missed opportunities. For instance, Fund staff tried to call on Bank expertise related to labor markets, in particular to seek a Bank assessment of the impact of a potential pension reform idea, but Bank experts were skeptical about the Fund's proposed reform and did not engage. In Brazil, while welcoming the Fund's reliance on Bank analysis of directed credit and the public banks, one former authority took the view that the Fund should have gone further with this analysis from its side to look at the implications for monetary policy.

Resource issues

157. The ISR reported on mission chief estimates of the resource implications of their work for the macro-structural pilot. On average, mission chiefs participating in the macro-structural pilot reported higher costs than those participating in the later waves of the inequality and gender (IMF, 2018f). When asked by Directors why costs appeared higher than other pilots, Fund staff attributed some of the difference to the fact that macro-structural issues were a core part of surveillance and could be expected to be more cost-intensive (even in the absence of a pilot) than pilots of completely new issues (IMF, 2018c).

E. Lessons

158. The findings of this evaluation broadly corroborate IMF staff's conclusion in October 2017 that despite a few successful cases, staff tended not to make use of expertise from other agencies where it could have been useful. Further, the framework for collaboration was "light-touch," despite the initial effort to reach a more ambitious agreement with counterparts in the relevant international organizations; we have not found evidence of a concerted or systematic effort to substantially change this reality as the pilot progressed.

159. Rather, engagement with Bank staff (and other organizations) was explicitly left to country teams, who were expected to reach out to the Bank's country director and country economist. IMF mission chiefs and country directors at the Bank appeared to engage with each other as needed, with some describing this engagement as an intrinsic part of their work in general. However, formal joint work, or explicit incorporation of Bank analysis or input in Article IV staff reports, on macro-structural issues was infrequent, and attempts to find synergies and mutually reinforcing messages were quite limited.

160. Some Fund staff themselves pointed out the shortsightedness of the Fund and the Bank separately undertaking work on similar issues from different perspectives and presenting it to country officials without first considering themselves how their findings and advice inter-related—a phenomenon described by one IMF staff member as each organization "optimizing in its own silo." Under the pilot, for instance, inclusion of Bank staff in brainstorming sessions

conducted for country teams with IMF policy and technical experts could have offered an opening to exchange information about work plans and the potential for alignment or cross-referencing. However, in practice, Bank staff only participated in these sessions in a few cases, sometimes because IMF teams considered that they already had close ties with Bank teams.

161. One might expect to see less collaboration—in the form of reliance on others to prepare or help prepare analysis—on macro-structural issues on which staff considers it has expertise. For instance, IMF staff is arguably already well-equipped to build macroeconomic models assessing the implications of different reforms for economic growth. However, to the extent that the World Bank and other international organizations are also working in these areas from different perspectives or using different tools, it seems important for Fund staff to draw on insights from this work to deliver relevant and impactful advice for member countries. Further, as one of the teams involved in the macro-structural reform pilot pointed out, while initial assessments of the priorities and tradeoffs for structural reform for a particular economy can be undertaken using macroeconomic tools, identifying and specifying detailed policy changes that may help will often depend on microeconomic analysis—which typically lies more in the expertise of other international organizations.

162. In practice, engagement between IMF and World Bank staff appeared to result from their interest in doing the job well to the benefit of the countries involved and from good personal relationships, rather than being steered to do so by an agreed framework. Some individuals in both the Bank and Fund saw collaboration as clearly necessary to produce good work on structural reforms—and found this to be strong motivation. But some on the IMF side felt that the frustrations of finding the right contact at the Bank and getting a response in good time, along with the IMF's culture of self-reliance, worked against collaboration. Those most inclined toward collaboration cited personal preference as well as the influence of good practice observed early in their careers at the IMF. For their part, Bank staff who were interlocutors with Fund staff to establish somewhat of a framework for collaboration for this pilot acknowledged that their organizational structure limited the degree to which they could ensure follow-through from the Bank side, particularly on joint work. But in general, Bank staff engaging with country teams were often frustrated that Fund staff made unrealistic demands and were unlikely to offer much in return.

ANNEX I. COUNTRY COVERAGE OF FOUR IMF PILOTS

IMF Pilot Programs on Macro-Structural and Related Issues, 2014–19

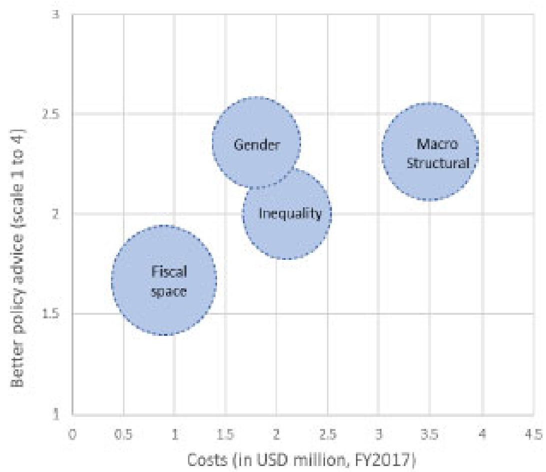
Country	Inequality	Gender	Energy/Climate	Macro-structural
Algeria				Y
Angola			Y	Y
Argentina	Y	Y		Y
Armenia	Y			
Australia		Y		Y
Austria		Y		
Bangladesh			Y	Y
Belize				Y
Benin	Y			
Bolivia	Y			
Brazil	Y			Y
Cabo Verde		Y		
Cambodia	Y			
Cameroon		Y	Y	
Canada		Y		Y
Chile		Y		Y
China, PR	Y		Y	Y
Colombia	Y			
Congo, Rep. of	Y			
Costa Rica	Y	Y		
Czech Rep.		Y		Y
Denmark	Y			
Djibouti	Y			
Dominica	Y			
Dominican Rep.	Y		Y	
Egypt		Y		Y
Ethiopia	Y			
France	Y			Y
Georgia				Y
Germany		Y		Y
Guatemala	Y	Y		
Haiti			Y	
Honduras	Y			Y
Hungary		Y		
Iceland		Y		
India		Y	Y	Y
Indonesia				Y
Iran		Y		
Ireland	Y			
Israel	Y	Y		
Italy		Y		Y
Jamaica		Y	Y	
Japan		Y		Y
Jordan		Y	Y	
Korea	Y			Y
Kosovo	Y			
Kyrgyz Rep.	Y	Y		Y
Lao PDR		Y		
Lebanon			Y	
Lithuania	Y			
Macedonia, FYR		Y		
Madagascar				Y
Malawi	Y			
Mali		Y		

Country	Inequality	Gender	Energy/Climate	Macro-structural
Mauritania	Y			
Mauritius		Y		
Mexico			Y	Y
Mongolia		Y		
Morocco	Y	Y		Y
Myanmar	Y		Y	
Nicaragua			Y	
Niger		Y		
Nigeria	Y	Y		Y
Norway		Y		
Pakistan	Y	Y		
Palau				Y
Paraguay				Y
Peru	Y			
Poland	Y	Y		Y
Portugal				Y
Romania				Y
Russian Fed.				Y
Rwanda		Y		
Saudi Arabia			Y	Y
Senegal	Y	Y		
Serbia		Y		
Seychelles			Y	
Singapore	Y			
Slovakia	Y			
South Africa				Y
Sri Lanka			Y	
St. Lucia			Y	
Sudan	Y			
Swaziland	Y			
Sweden		Y		
Tanzania		Y		
Thailand	Y		Y	Y
Togo	Y			
Trinidad and Tobago			Y	
Turkey			Y	Y
Turkmenistan				Y
Ukraine			Y	
UAE			Y	
United Kingdom				Y
United States	Y		Y	Y
Vietnam			Y	Y
Zambia	Y			
Zimbabwe			Y	
Euro Area			Y	
WAEMU		Y		
Total	**41**	**39**	**26**	**40**

Sources: Office Memorandum to the Managing Director and Deputy Managing Directors on Emerging Issues Pilots: Conclusions and Next Steps, Table 1. Pilot Countries and Examples of Topics Covered [on gender, inequality, and macro-structural], May 1, 2019 (internal); Office Memorandum to the Managing Director and Deputy Managing Directors on Pilots—How to Take Various Initiatives Forward, Table 1. Completed and Ongoing Pilots [on energy/climate], September 5, 2017 (internal).

ANNEX 2. 2018 INTERIM SURVEILLANCE REVIEW FINDINGS ON COSTS AND PAYOFFS OF SELECTED PILOTS

Selected Pilots: Estimated Payoffs and Costs



Estimates of spending on selected pilot initiatives

	FTEs		millions of FY18 U.S. dollars	
	FY17	FY18	FY17	FY18
Gender	5.9	5.2	1.8	1.6
Inequality	6.8	6.0	2.1	1.8
Fiscal space	3.0	2.8	0.9	0.9
Macro-structural	11.3	12.6	3.5	3.9
Total	26.9	26.6	8.3	8.2

Source: OBP survey.

Source: ISR Mission Chief Survey (IMF, 2018f) and OBP costing survey (covering area and functional departments). The size of the bubble corresponds to the number of countries in each pilot.

Y axis: Responses to the question "To what extent participation in the pilot helped to strengthen policy advice?" (4-to great extent; 3-to some extent; 2-to a limited extent; 1-not at all), Mission Chief Survey.

Source: IMF (2018f).

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