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BACKGROUND PAPER

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Approaches to IMF-World Bank Collaboration: A Historical Perspective

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Approaches to IMF-World Bank Collaboration: A Historical Perspective

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ABBREVIATIONS

EBRD	European Bank for Reconstruction and Development
EFF	Extended Fund Facility
ESAF	Enhanced Structural Adjustment Facility
FSA	Financial Sector Assessment
FSAP	Financial Sector Assessment Program
FSLC	Financial Sector Liaison Committee
FSSA	Financial Sector Stability Assessment
G7	Group of Seven
G10	Group of Ten
G20	Group of Twenty
HIPC	Heavily Indebted Poor Countries
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IO	international organization
JMAP	Joint Management Action Plan
LIC	Low-income country
MD	Managing Director
MDB	Multilateral Development Bank
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
PFP	Policy Framework Paper
PREM	World Bank Poverty Reduction and Economic Management Network
PRGS	Poverty Reduction Growth Strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
ROSC	Report on Observance of Standards and Codes
SAF	Structural Adjustment Facility
SDGs	Sustainable Development Goals
SPR	Strategy, Policy, and Review Department, IMF
TSR	Triennial Surveillance Review
WTO	World Trade Organization

I. INTRODUCTION

1. Institutionalized collaboration between and among states, international organizations (IOs), and other actors is an important characteristic of contemporary global governance. Collaboration is seen by many actors as a powerful means to reduce overlap and competition, avoid turf battles, create synergy, use resources more efficiently, produce more effective outcomes, and more generally to better navigate a more complex global landscape where critical problems cannot be solved by a single actor. Pressures on economic governance, such as protectionism and nationalism, have made collaboration an even more attractive response to actors seeking to build upon their comparative advantages to achieve a whole that is greater than the sum its parts.

2. This paper examines the history of institutionalized collaboration between the IMF and World Bank. The two Bretton Woods siblings have a unique relationship within the universe of major IOs, given that they were created together at the Bretton Woods conference (officially the United Nations Monetary and Financial Conference) 75 years ago by a group of countries that envisioned the institutions as complementary partners at the apex of the post-World War II global economic order. The extent to which they work closely with one another is therefore an important case of collaboration among major IOs. The historical record of IMF and World Bank collaboration reflects persistent turf challenges as well as discrete examples of successful collaboration in specific issue areas, in individual countries, and across levels of both organizations, from Boards to staff.

3. The paper makes four main points:

(a) Fund and Bank institutional efforts to collaborate can be categorized into four main approaches, with different levels of engagement. These range from basic information sharing to fully engaged joint initiatives.

(b) These efforts have occurred in the context of at least 25 attempts by the two institutions to define how to work together, usually in the form of guidelines or statements issued jointly by the heads of the institutions to staff, and joint initiatives, both supported by their Boards of Directors. The last "umbrella" agreement addressing broad institutional collaboration was in 2007. Since then, the emphasis has been on joint initiatives that address specific issue areas.

(c) The Fund and Bank often use the terms collaboration, cooperation, coordination, and consultation interchangeably as synonyms, rarely defining them. This means there is often little distinction between vastly different types of activities, ranging from staff from one institution drawing on research from the other to working together as active partners. This blurs the fact that different levels of interaction with different levels of oversight and accountability may make sense with different types of activities. The academic literature reflects variation in definitions but typically defines collaboration as more encompassing than cooperation.

(d) The Fund's current approach to collaboration on macro-structural issues that are macro-critical in its surveillance work by "leveraging expertise" from other institutions is distinct from the jointly agreed collaboration guidelines in that it is essentially unilateral—advice to Fund staff on when and how to collaborate with the Bank and others. This raises questions about whether the incentives to collaborate may be lower on the side of the Fund-identified partner.

4. The paper proceeds as follows. Section II offers an overview of the factors that have prompted the two institutions to work together. Section III suggests a conceptualization of approaches by the Bank and Fund to collaboration over the years, showing the evolution from a narrow approach aimed at delineating responsibilities to more comprehensive approaches that recognized shared responsibilities and strategies for joint initiatives. Section IV nests these approaches in a historical overview of the main efforts by the two institutions to encourage collaboration with one another. The paper covers the history of collaboration approaches from the founding of the Bretton Woods Institutions to the present, with an emphasis on efforts through 2007, the last joint institutional initiative to enhance broad collaboration. Section V presents the main lessons that may be drawn from these efforts and concludes.

II. WHY COLLABORATE?

5. When the Bretton Woods Institutions were created there was an understanding that they would closely interact with one another.[1] Harry Dexter White, one of the two founding fathers of the Fund and Bank, discarded that idea of creating one institution instead of two, given that two separate institutions "linked together by one or two directors in common" would be more effective in avoiding over-centralizing power and too many "diverse duties of a specialized character" (Shihata, 2001).[2] Membership in the IMF is a prerequisite for membership in the World Bank, according to the Bank's founding Articles of Agreement.[3] The two institutions began their

[1] See for example, U.S. Treasury Department, "Questions and Answers on the Bank for Reconstruction and Development," June 10, 1944, p. 60. This was issued to delegates and journalists at the Bretton Woods conference. It stated, "It is clear that the two major financial problems of the postwar period are closely related. Currency stabilization cannot be completely separated from the provision of long-term international credits. The two institutions designed to deal with these problems will find that cooperation between them is essential. Together they can help to provide a sound financial foundation for a prosperous world economy."

[2] White was the chief international economist at the U.S. Treasury between 1942–44 and the key architect of the Bretton Woods Institutions, along with celebrated British economist John Maynard Keynes.

[3] Membership in the IMF entailed responsibilities, such as "codes of conduct on exchange rate policy" not required at the Bank, so making Bank membership contingent on Fund membership was a way to avoid free riders (Kapur, Lewis, and Webb, 1997). There is a procedure for a former Fund member to remain a Bank member.

existence on separate floors of the same building at 1818 H Street in Washington, DC. Since the 1940s, they have shared a joint secretariat for organizing the Annual Meetings, where the two Boards of Governors meet, and the Spring Meetings. The Bank and Fund have shared members of their Boards of Governors and over the years there have been a handful of executive directors who have served simultaneously on the Boards of both institutions.[4] The Fund's current managing director (MD), Kristalina Georgieva, previously served as chief executive of the Bank. The two institutions are now headquartered across the street from one another and linked by an underground tunnel. At different points in time they have shared and jointly financed language training programs, health services, telephone services, interpreter services, computer services, and a library. By the late 1950s, an IMF-supported program was a necessary green light for borrowers to negotiate with the Bank and private bankers "in special situations" (Mason and Asher, 1973).

6. The desire to promote effective collaboration and consideration about how to do so has been a theme between the two institutions from their birth. As Annex 1 shows, there have been at least 25 attempts by the two institutions to "define in writing" how to work together (Shihata, 2001).[5] These have been called "understandings," "guidelines," "procedures," and "measures," at different times and in different documents, but they are all considered to be agreements between the two institutions on how to address issues of collaboration. These range from joint statements by the Fund MD and Bank President to staff, and joint initiatives and partnerships in specific issue areas. Such efforts are typically supported or approved by both Boards. Joint agreements on umbrella institutional collaboration measures were the primary mechanism used between 1946–2007. While there were issue specific guidelines and agreements prior to 2007, after that year this approach has been predominant. Other vehicles to encourage collaboration also appeared, including principles laid out on policy-based lending by a sub-group of shareholders (G20, 2017). While these more formal efforts cannot capture the richness of the many personal relationships and informal networks and initiatives that may be effective and common channels of day-to-day collaboration that have always been present between the two institutions, they do present a picture of institutional support for and recognition of the benefits of collaboration and potential reputational and resource costs of "go it alone" approaches.

7. Broadly driving these various institutional Bank-Fund collaboration efforts is a desire by the shareholders and management of both institutions to find ways to improve both institutions' effectiveness. In fact, both Boards have reaffirmed many times over the years how vital collaboration is, especially in uncertain economic times and for countries whose economic and development challenges have grown more complex. In this sense, collaboration efforts may be

[4] Today, there is just one: France.

[5] Shihata (2001) counted 15 such efforts through 2000. This paper adds additional examples.

seen as a reflection of two evolving institutions that are constantly trying to adapt to changing external pressures and circumstances to better assist member states.

8. An examination of these efforts in Section IV shows that collaboration agreements through the 1980s were typically a response to situations where insufficient collaboration produced some type of sub-optimal outcome, or where a process was needed to address situations of disagreement in areas of interest to both institutions. A common situation occurred when one institution was perceived as encroaching upon the territory of the other, which raised concerns about the two institutions providing conflicting or competing advice to authorities, which in turn risked undermining the effectiveness of both institutions, hurting their legitimacy as trusted advisors (Momani and Hibben, 2015; Woods, 2006). Efforts by the two institutions to produce strategies and procedures for collaborating were often driven by reactions to such past challenges, rather than forward looking visions (Shihata, 2001).

9. A persistent challenge has been the unavoidable overlap between the Bank and Fund, which existed at their creation and increased over time as their individual mandates expanded. Overlap is in part a consequence of the challenge of disentangling evolving strategies for promoting economic development from strategies to encourage economic and financial stabilization. It was apparent from the earliest days of both institutions that it would be difficult to draw a clear line between the Fund's focus on what were perceived as short-term stabilization issues from the Bank's focus on what were perceived as longer-term development issues. A senior Bank official and Fund official together advised the institutions' two leaders in early February 1949 that "some embarrassments are likely to arise" given that "both the Fund and Bank are equally concerned with long-term as well as short-term aspects" of member states' economies, which meant that member states were seeking the advice of both institutions, risking inconsistent advice (Bernstein and Rist, 1949).

10. Overlap also reflects changes in institutional priorities over time that occur in response to expanding membership, changes in the global economy—including unanticipated events—related external demands on the institutions, other strategic interests, and a desire by shareholders and management to navigate issues new to one or both institutions and to be innovative in helping member states address them. Sometimes various pressures have pushed the Bank into traditional Fund territory, and at other times they have resulted in the Fund venturing more deeply into traditional Bank territory. Beginning in the 1990s, the two institutions began to recognize more clearly that there were issues where simple demarcation alone was a less effective strategy than one that more explicitly sought to improve coordination and complementarity in areas where both institutions had interests and responsibilities, including their work on debt, governance, tax policy, and the financial sector (IMF and World Bank, 1998). The areas of overlap have continued to expand, for example, as both institutions committed themselves to the Millennium Development Goals (MDGs) and later the Sustainable Development Goals (SDGs) developed under United Nations auspices. More recently the Fund has moved more deeply into considering how to address macro-structural issues such as

inequality, gender, and climate change, areas where the Bank has developed greater expertise, but may be highly relevant for macroeconomic performance.

III. CONCEPTUALIZING COLLABORATION

A. Bank-Fund Approaches to Collaboration

11. The agreements between the Fund and Bank to collaborate over the years can be sorted into four general approaches, reflecting different levels of engagement: **information sharing, demarcation, complementarity,** and **jointly-established initiatives**. The approaches are not analytically distinct, as one approach may include others. However, they do reflect emphasis by the Fund and Bank on the purposes and goals of collaboration and in different periods of time.

12. The first and most basic level of engagement emphasized the importance of **information sharing**. An example is the November 1946 document agreed by the two institutions to create procedures for information sharing and informal consultation as a means to ensure coordination of policies and action (IMF, 1946). In an era before today's norms about the importance of transparency, the sharing of confidential information was a powerful acknowledgement of the two institutions' special relationship.

13. The second approach is **demarcation**, the delineation of responsibilities with a goal of avoiding conflicting advice and duplication, typically a response to the encroachment of one institution into the territory of the other. The demarcation approach recognized that there could be different points of view in areas of interest to both institutions. Various guidelines proposed procedures and practices for the two institutions to both respect the territory of the other and to work through differences that arose. This approach was first discussed in the late 1940s and became the dominant strategy for Bank-Fund collaboration through the 1980s (IMF, 2001).

14. The third approach may be called **complementarity**, a more proactive approach that includes but moves beyond basic demarcation because it involves bringing together the comparative advantages of each institution to maximize their synergy. The idea began to appear in the early 1980s and was emphasized over time. The report of the 2007 External Review Committee on Bank-Fund Collaboration (i.e., the Malan Report) explained the distinction between demarcation and complementarity as follows: "Collaboration is much more than co-existing and not standing on each other's toes. It is the recognition by all parties involved that working together will enable them to achieve a collective result that they would be incapable of accomplishing by working alone" (IMF and World Bank, 2007). Complementary approaches reflected in joint agreements by the two institutions recognized the importance of information sharing and demarcation but added the idea that Bank and Fund can work together to integrate the diverse expertise of each institution with a goal of creating richer, more comprehensive understandings of strategic issues and therefore improved advice (Sabani, 2015).

15. The joint IMF and World Bank UK Executive Director, Nigel Wicks, articulated this idea in 1984, arguing that deeper collaboration can occur when the two institutions mutually recognize each other's contribution, and act as a catalyst to mobilize financial resources to support a member state's economic reform (IMF, 1984a). Examples include complementary financial support, where Bank lending can help to close a financing gap beyond an IMF financing arrangement, or where Bank support for a sector has a major impact on economic recovery, or where Fund macroeconomic advice and analysis shapes the emphasis of Bank lending. Such coordination does not, however, involve cross-conditionality, where one institution would have veto power over the other institution's decisions.

16. A subset of the complementarity approach focuses on one institution **leveraging expertise** of the other institution or other actors in a way to enhance its own analysis or influence. This may be seen as a unilateral approach, rather than a joint engagement agreed to by both institutions that seeks coordinated output. The idea itself is often a natural part of staff at either institution doing their jobs, seeking relevant research or consulting with a colleague in areas where they lack expertise. As former Fund MD Jacques de Larosière described this idea in 1981, a "better practice of collaboration" would include the Fund "receiving, where relevant, the Bank's views on the countries' investment programs, or major projects where there is no investment program, or on some structural aspect of the economies in the field of pricing or in the field of incentives or disincentives to production" in countries where the IMF is negotiating standbys or extended arrangements" (IMF, 1981a). This approach implicitly recognizes demarcation, in the sense that each institution has its areas of primary responsibility and should seek to avoid duplication and conflicting advice, but moves beyond those goals to emphasize areas where one institution can draw on the expertise of the other to increase the quality and traction of its own work.

17. The leveraging expertise approach goes back at least 30 years. It was put forward, for example, in the Fund's review of its surveillance analysis and advice in the mid-1980s.[6] By the late 1980s, it was standard practice for Fund staff Article IV consultations to include an appendix that described the country's relationship with the World Bank Group (IMF, 1988b). The approach was reaffirmed and updated in the Fund's recent efforts to encourage collaboration with the World Bank and other IOs on addressing IMF surveillance of macro-structural issues considered to be macro-critical**.** The Fund's 2014 Triennial Surveillance Review (TSR) stated that in macro-critical areas "…where other agencies have expertise, the Fund should typically 'borrow' expertise to

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[6] See, for example, IMF Annual Review of Surveillance and Review of Proposals for Changes in Procedures (IMF, 1986a), which noted the introduction of innovations to staff reports such as "the inclusion of material describing members' relations with the World Bank, in many cases including a discussion of the Bank's assessment of the investment or development program and other policy issues in the areas of expertise of the Bank"; Biennial Review of the Implementation of the Fund's Surveillance over Members' Exchange Rate Policies and of the 1977 Surveillance Decision, which notes, "…to the extent that greater depth or specialized knowledge is required on a subject, country missions would continue to draw on other departments of the Fund and also the World Bank. In appropriate circumstances, the Fund may need to draw on the knowledge and expertise of other organizations" (IMF, 1990).

inform its surveillance through building stronger partnerships, rather than 'reinventing the wheel.' This would follow the model for collaboration between the Fund and World Bank." (IMF, 2014a). The guidance note that followed the TSR stated that where structural issues are macro-critical and staff determine the Fund lacks in-house expertise, staff "should analyse the issues, drawing on expertise from other organizations" (IMF, 2015). IMF pilots on inequality, gender, and energy/climate launched in 2014 also encouraged Fund staff to leverage expertise with other institutions (Stedman, Abrams, and Kell, 2020). However, it is worth noting that the strategy of the Fund calling for staff to leverage expertise of the Bank and other institutions is of a different character than previous joint Bank and Fund documents and actions, in that the Bank was not involved in developing the guidance.[7]

18. The fourth approach is the most integrated—**jointly-established initiatives**—where the institutions together create integrated work programs with specific processes in order to undertake an activity as partners. Such initiatives have been used to organize Fund and Bank work on key issues such as debt (for example, the HIPC initiative from 1996) and the financial sector (FSAP, since 1999). This type of collaboration potentially has a deeper level of engagement than the other approaches and is typically agreed by managements of the two institutions and discussed and approved by their Boards.

19. Table 1 conceptualizes these different approaches to Bank Fund collaboration as a continuum of approaches with deepening levels of engagement. It provides some examples of each approach. It is important to note that the more "engaged" approaches may include other goals on the continuum. For example, a joint framework will include information sharing and an understanding of demarcation. But the joint framework goes further in supporting an integrated work program aimed at creating synergy, while the demarcation approach focuses on what Bank and Fund staff should do to avoid overlap and duplication, with a "thou shalt not" message.

[7] A version of the "leveraging expertise" can also be seen in the G20 (2017) principles that call for MDBs to use IMF assessments on a potential borrower's macroeconomic policy and conditions before approving budget-support loans. This requirement has already existed between the Fund and Bank, which can only undertake a development policy funding if Bank staff view the country's macroeconomic policy framework to be adequate. A Fund-supported program in the country offers relevant considerations; without such a program, Bank staff will assess whether the Fund has outstanding concerns about the country's macroeconomic via an "assessment" letter from the Fund that is attached as an annex to the Bank's Program Document.

Table 1. Bank-Fund Institutional Approaches to Collaboration

Approach	Information Sharing	Demarcation	Complementarity/ Leverage Expertise	Partnership/ Joint Initiatives
Purpose	Ensure coordination of policy, operations, administration	Delineation of primary mandates to avoid duplication, conflicting advice, overburdening authorities	Pursue complementarity without cross conditionality to produce better advice and analysis. Enhance Fund ability to address potentially macrocritical issues in surveillance analysis	Use comparative advantages in integrated work programs to produce highest degree of synergy, complementarity, the whole greater than sum of parts, stronger outcomes/outputs
Examples	1946 Joint Report 1946 Procedure for Liaison between Fund and Bank	1966 Memoranda 1970 Joint Memorandum 1980 Bank Memo 1989 "Concordat"	1980 Fund Memo 1995 Joint Guidance 1997 Joint Statement 1998 Joint Memorandum 2000 Joint Statement 2007 Malan Report 2008 Fund Guidance note/Conditionality 2015 Fund Guidance Note/Surveillance 2015 Macro-Structural Pilots	HIPC, FSAP, PFP, PRSP
Actions	Info sharing Informal consultation	Clarify areas of "primary responsibilities" with procedures for collaboration and resolving disagreements	Various, including regular meetings of relevant actors, "lead agency" model	Creation of integrated work programs with specific processes for cooperation, interaction, guidance

Notes: HIPC=Heavily Indebted Poor Countries Initiative; FSAP=Financial Sector Assessment Program; PFP=Policy Framework Paper; PRSP=Poverty Reduction Strategy Paper.

B. Definitions of Collaboration, Cooperation, Coordination

20. It is important to note that the terms collaboration, cooperation, and coordination are often used interchangeably as synonyms in various Fund and Bank documents, and rarely explicitly defined. For example, the November 1946 "Procedure for Liaison Between Fund and Bank on Financial Assistance for Members," noted that "close collaboration" should be ensured and suggested a plan for "carrying out necessary cooperation." Sometimes cooperation is the means to collaborate, or collaboration ensures coordination (IMF, 1980; 1981b), or cooperation produces coordination (IMF, 1989). Using these terms as synonyms is not unusual, and even simple dictionary definitions present collaboration and cooperation as synonyms. However, using

the terms interchangeably does lump together a wide range of suggestions and expectations that may have different benefits, costs, incentives, and accountability attached to them. Academic disciplines such as public administration have produced a range of definitions for each term in an effort to be more precise (McNamara, 2012). While there is still variation in the academic literature, implicit is the idea that collaboration is more encompassing than cooperation. Some scholars posit that cooperation, coordination, and collaboration may be conceptualized along a continuum of increased interaction between participants (Bryson, Crosby, Stone, 2015; McNamara, 2012). Cooperation may be defined to include formal or informal agreements to share information, or where one institution or actor assists another, so that each may accomplish its (separate) goals (Keast, Brown, and Mandell, 2007). Collaboration, in turn, can include everything from working together with shared interests to achieve shared goals that could not be achieved independently, to doing so through shared resources, a shared structure, and with shared accountability (Polenske, 2004; Huxham and Vangen, 2005; Matterssich and others, 2001). At minimum, collaboration implies level of working together with shared understandings of problems and set of shared goals (Bryson, Crosby, and Stone, 2015). Cooperation can occur without collaboration. Coordination, in turn, is a mechanism for carrying out cooperation or collaboration. Coordination involves aligning people and tasks toward an objective (Metcalfe, 1994). The choice of level of interaction is an important one for organizations, given that different degrees of interaction may be more appropriate in different situations (Keast, Brown, and Mandell, 2007).

IV. MAIN INSTITUTIONALIZED COLLABORATION EFFORTS: A NARRATIVE

A. 1944–1979

21. As noted above, when the two institutions were being designed at the Bretton Woods conference in 1944, there was always an expectation that they would work closely together. It was John Maynard Keynes who first referred to the two institutions as “twins” (Harrod, 1951; Mason and Asher, 1973). The language of cooperation is built into each institution’s articles of agreement with the same wording—that the World Bank or IMF “shall cooperate within the terms of this Agreement with any general international organization and with public international organizations having specialized responsibilities in related fields” (IMF, 2016; World Bank, 2012). Table 2 lists the initial purposes and functions of each institution. As IMF historian James Boughton noted, while the purposes of the two institutions were clearly delineated, their specific operational functions were not (Boughton, 2001). It was clearly essential from the earliest days that some type of agreement on “who does what” should be determined.

Table 2. Main Purposes of IMF and IBRD 1944

Purposes of IMF	Purposes of IBRD
• Promote international monetary cooperation	• Assist in reconstruction and development of members by facilitating investment of capital for productive purposes
• Facilitate expansion and balanced growth of international trade • Promote exchange stability	• Promote private foreign investment through guarantees or participation in loans and other investments; to supplement private investment by providing finance out of its own capital, funds raised by it
• Assist in establishing multilateral system of payments	• Promote long-range balanced growth of international trade and equilibrium in balance of payments
• Provide temporary balance of payments assistance	• Encourage international investment for the development of members' productive resources

Sources: IMF and IBRD Articles of Agreement,1944.

1946 Joint Report on Liaison Between the Boards of Executive Directors

22. The first efforts of the two institutions to consider ways of collaborating emphasized information sharing, which quickly expanded into considerations of institutional boundaries. The Boards of both institutions began thinking about the issue of collaboration even before the institutions were fully operational. On May 24, 1946, a joint committee of both Boards produced a "Joint Report on Liaison between the Boards of Executive Directors." The agreement noted "close collaboration between the Fund and the Bank is necessary, particularly with respect to matters of policy, operations, and administration." The joint committee agreed that each institution's Secretary would keep the other informed of "matters of mutual interest," and the Secretary would in turn inform the respective Board chair. They also authorized an exchange of documents "pertinent to administrative matters of joint concerns" by the secretaries and allowed each Board chair to invite representatives from the other to attend Board meetings where "matters of mutual concern" would be discussed (IMF and IBRD, 1946).

23. Subsequently, a Joint Standing Committee of the Fund and Bank was established in the fall of 1946 to "assist in ensuring coordination of policies and actions" between the two organizations (IMF, 1964). It produced a "Procedure for Liaison between the Fund and Bank on Financial Assistance to Members" that was approved by both Boards (IMF, 1946). This was the first official agreement between the two institutions on collaboration (Shihata, 2001). In fact, the agreement referred to the idea of "complementarity" of the two institutions, an idea that was not defined and used as a model of collaboration until decades later. The Joint Committee recognized that "certain loans by the Bank would have influence upon the problems and actions of the Fund, and that certain actions of the Fund would have an influence upon the operations of the Bank." It agreed that "the Fund or the Bank would discuss with members matters of direct

concern to the other institution, only after due consultation." The procedure called for the Secretary of each institution to ascertain whether the other institution "wishes to express an opinion" on matters of interest or concern, and if so, arrange for its consideration. It also called for the two institutions to exchange information—such as Bank loan applications and decision, and Fund information on par values and exchange restrictions, and members' balance of payments and monetary data (IMF, 1946). By the spring of 1947, Fund staff had helped the Bank prepare its first loan, to France, and a Fund expert joined the Bank's mission to Denmark (Mason and Asher, 1973).[8]

24. Despite these efforts to promote collaboration, tensions surfaced. In 1949, Fund and Bank staff discussed ways of avoiding conflicting advice in the context of a proposed Bank mission to Colombia. In particular, the Fund staff wanted to "work out an understanding under which the Bank would not make recommendations to member countries in the Fund's field, and the Fund would not make recommendations to member countries in the Bank's field." There was an argument over the Bank mission report, which included a recommendation to devalue Colombia's peso. The Fund felt this crossed over into its area of responsibility. The Fund urged the Bank to delete this recommendation from the final report and ultimately would not endorse parts of the report. Also, in early 1949 a Bank mission concluded that Lebanon's central economic challenges were related to monetary and exchange rate policy. While the Bank decided against a loan, its Staff Loan Committee recommended the Bank advise Lebanon on these issues. Fund staff objected to this advice on jurisdictional rather than substantive grounds. This case was also behind the joint February 1949 memo noted above (IMF, 1949). The Bank's legal counsel's position, which became the Bank's position for some time, was that "We should at all times endeavor to cooperate with the Fund and should consult it about monetary and exchange problems arising in our field of operations and should endeavor to reconcile conflicting issues in so far as possible." At the same time, however, the Bank must "preserve at all times our own freedom of judgement and action." The Bank should not "gratuitously undertake to advise countries on monetary and exchange matters within the province of the Fund," adding that he feared "that we may have done just that in Lebanon. We should consider and express our views on such matters only as they related to proposed loans" (McLain, 1949; Shihata, 2001).

25. A senior Fund official, Edward Bernstein, in a March 1949 memo to the IMF MD, advised on clearer boundaries. He recommended each institution have an "appropriate specialization," with the Bank "directly and primarily concerned with investment, production, and commodity problems, all bearing on the long-run real international economic position of its members," and the Fund "directly and primarily concerned with exchange, reserves, and monetary policy, all bearing on the immediate balance of payments position of its members" (IMF, 1949).

[8] In fact, Fund MD Camille Gutt confidentially expressed his concerns about the proposed Bank loan to France to Bank Vice President Robert Garner, as France disregarded the Fund's advice on its exchange rate. See Gutt (1948).

26. The 1950s saw additional examples of turf issues. Bank advice to Spain in 1958, for example was seen by the Fund as encroachment, while the Bank complained that staff were not informed by the Fund on the latter's advice in Columbia (Mason and Asher, 1973).[9] A joint Bank-Fund committee appointed by the two institutions' leaders at the behest of several Governors at the 1952 Annual meetings, produced a report that argued against deepening collaboration in joint services and joint missions to member countries. It argued that frequent and regular meetings of different levels of staff would be more useful than attempts at further "amalgamation" (IMF, 1953).

27. It is also the case that in the early part of the decade the Bank was far more active than the Fund. The Fund's first stand-by arrangement was approved in late 1952, by which time the Bank had already committed over $1.5 billion in loans and disbursed over $1 billion (IBRD, 1954). Bank historians Mason and Asher characterized the overall relationship between the two institutions in this period as one of "reserved neutrality" (Mason and Asher, 1973). But throughout this decade there were also examples of collaboration, which reflected the individual actions and inclinations of specific regional managers (Boughton, 2005).

The January and December 1966 Memoranda

28. By the mid-1960s, the two institutions had experienced an explosion in membership (see Table 3) and there was a growing number of staff missions that necessitated closer staff contacts in areas where both institutions were working. In responding to this growth, in 1966, IMF MD Pierre-Paul Schweitzer and Bank President George Woods issued two memoranda that marked the two institutions' first explicit efforts to clarify areas of responsibility between them in order to avoid duplication and to ensure members were receiving broad and consistent advice. The second 1966 memorandum, in particular, was later widely seen as the first major set of guidelines for collaboration between the Fund and Bank, although both were predated by the 1946 agreement noted above.

Table 3. Membership Growth First Two Decades

	IBRD	IDA	IMF
1946	39	n/a	40
1966	105	97	106

Sources: IMF Annual Report, 1946, 1967; World Bank Annual Report, 1946, 1966/1967; IMF, 2017.

[9] According to Mason and Asher, the Bank had advised Spain on a stabilization program, a matter the Fund felt was outside the Bank's purview.

29. The January document, issued by the two institutions as separate memoranda with the same content, called for staff at the two institutions to "maintain a close and continuous contact at all levels," to create opportunities for information exchange, to discuss plans for missions, and exchange views on countries, with a goal of providing "consistency of information and viewpoint" (IMF, 1966a). It formally introduced the idea that each institution had areas of "primary concern", harking back to the 1949 Bernstein memo's concept of "appropriate specialization," and implied that the other institution should recognize that role. However, it did not define what those areas were. It stated:

> "Each institution will continue in its reports to take account of matters which are of primary concern to the other institution. The staff of each institution attempts to the maximum degree to obtain basic information on matters which are of primary concern to the other institution from the other institution so as to minimize duplication of requests to the member, and in dealing with these matters, each institution will seek to avoid making or implying evaluations inconsistent with what is acceptable to the other in discussions with member countries or in documents which will reach them" (IMF, 1966a).

The document reflected growing awareness that conflicting advice between the two Bretton Woods siblings could be problematic for a country and created tensions between how economic stabilization goals and longer-term development goals should be managed.

30. The January statement was discussed in each organization over the year, and in December 1966 the President and MD issued a joint Memorandum on Fund-Bank Collaboration to their respective staffs as representing the results of Board discussions to be considered by staff as the basis for future work with the other institution (IMF,1966b). Its goal was to "assure, to the greatest extent feasible, a consistent view by both organizations on economic policy matters in connection with individual member countries, and deals particularly with the problem of avoiding unintended conflict or overlapping which might lead to contradictory or inconsistent advice…." It emphasized that its purpose was not to "draw sharp lines of jurisdiction" between the work of the two institutions, recognizing that between "clear cut areas of responsibility" there were many other issues of common interest, including foreign debt, the adequacy of capital markets, and the functioning of financial institutions. In those cases, "efforts should be made to avoid conflicting views and judgements," while noting that "it is not expected there can be full uniformity of views or judgments." The point was to "share knowledge and judgment so as to reduce to a minimum the risk of significantly differing views or conclusions." The December document recognized that both institutions "are concerned with the economic and financial structure and progress of their members," and therefore neither institution could afford to be ignorant about any aspects of those structures and progress (IMF, 1966b).

31. The strategy to address these areas of mutual concern was to detail each institution's primary responsibility. The Bank's primary responsibility would be in "the composition and appropriateness of development programs and project evaluation, including development priorities" and the Fund would have primary responsibility in "exchange rates and restrictive

systems, for adjustment of temporary balance of payments disequilibria and for evaluating and assisting members to work out stabilization programs as a sound basis for economic advance." Each institution, particularly their field missions, should be informed on the views and positions of the other, and "adopt those views as a working basis for their own work." In other words, in situations of disagreement, the institution that does not have primary responsibility for the issue should yield to the other's judgment. They should also seek prior consent of the other institution before engaging in a "critical review of those matters with member countries." The "yield to the other's judgement" agreement was seen again in the 1989 joint memo on Bank-Fund collaboration issued by the Bank President and Fund Managing Director (known as the "Concordat").

The 1970 Joint Memorandum

32. The 1966 principles were reaffirmed in 1970 and several times in the 1980s. The February 1970 joint memorandum by the heads of each institution added procedures and guidelines for staff (IMF, 1970). An important impetus for this effort was the 1969 Pearson Commission, which called for the Bank and Fund to adopt "unified country assessments" to assure consistent policy advice in countries where they were both operating (Pearson and others, 1969).[10] The 1970 memo referred to this recommendation in its own recommendations, but it did not go as far as suggesting unified assessments. It raised the issue of how the institutions' work should be complementary, while noting that the purpose would still be to "reduce to a minimum the risk of inconsistent policy advice, and to minimize duplication of requests for information to member governments."

33. The memo recommended more consistent application of the practice of pre-mission discussion and post-mission debriefings. It called for circulation of Fund draft reports at the same time they were shared with other Fund departments, and circulation of draft Bank economic reports with Fund staff, who could also participate in meetings of the Bank's Economic Committee. It also called for more explicit ways to encourage collaboration in the field, including efforts to increase overlapping or parallel missions, and to economize on resources by allowing the staff of one institution to incorporate work by the other into its reports, highlighting that any such work should be "essentially factual and statistical" and not contain policy recommendations.[11]

34. The memo did not obviate growing tensions between the two institutions. By the 1970s, the two institutions were spreading more deeply into each other's territory. One key driver was the dramatic expansion in membership, in particular amid a wave of independence in Africa. In 1971, the Bretton Woods system of exchange rate management collapsed, with major currencies

[10] The Pearson Commission was a response to a request by Bank president George Woods to examine the past 20 years of development assistance. Bank president Robert McNamara invited former Canadian prime minister Lester Pearson to form the Commission.

[11] The procedures from this memo were then incorporated into the Bank's Operational Policy Memorandum No. 510 (Shihata, 2000).

beginning to float by March 1973. The Fund's main original function disappeared. That fall, in October 1973, was the first oil crisis, as OPEC announced an oil embargo. This was an especially difficult time for many developing countries.

35. Increasing turf overlap manifested itself in 1971, when the Bank's Board approved non-project loans, also called program loans. While the Bank had engaged in such loans in its earliest days in support of post-war reconstruction in Europe, it subsequently emphasized project lending as its attention turned increasingly to developing countries. The Bank's Board approved program loans in 1971 in special circumstances when a borrowing country could not obtain sufficient resources to support its overall development programs even in cases where its economic and financial policies were sound.

36. The Fund, meanwhile, had moved from a clientele of mainly industrialized countries that had previously accounted for at least 50 percent of its loan portfolio to working more closely with developing countries, many of which faced long-term structural challenges that take time to resolve (Boughton, 2005). The Fund paid more attention to structural issues in its Stand-By Arrangements and surveillance. As part of its strategy to better tailor its work to these countries, the Fund created a new Extended Fund Facility (EFF) in 1974 that provided longer-term and larger amounts of financial assistance (as a percentage of quota) to countries that needed more time to address their structural imbalances. The EFF moved the Fund into more medium-term advice and analysis. The Fund also created in 1976 a trust fund, funded in part by sales of gold, to offer highly concessional balance of payments support for developing countries.

37. In October 1974, the Joint Ministerial Committee of the Boards of Governors of the Bank and The Fund on the Transfer of Real Resources to Developing Countries, or the Development Committee, was created in part to encourage cooperation and coordination. Its terms of reference call for it to "provide a focal point in the structure of international economic cooperation for the formation of a comprehensive overview of diverse international activities in the development area and for efficient and prompt consideration of development issues;" to coordinate "international efforts to deal with problems of financing development;" and to advise and report to both Boards on "all aspects of the broad question of the transfer of real resources to developing countries" (Development Committee, 1991). The committee, which has 25 members, who are usually finance or development ministers, meets twice a year, parallel to the annual and spring meetings, with many other international organizations commonly participating as observers.

B. The 1980s

The 1980 Parallel Memos

38. After the second oil price shock in 1979, the Bank introduced structural adjustment lending in 1980, a major move from its emphasis on project lending that deeply entered Fund territory of offering balance of payments financing, in this case to support long-term structural change. In effect, this initiative was a more comprehensive version of the earlier program lending. Behind this

move was an increasing awareness that structural problems were a key impediment to development. Thus, individual project loans might have less of an impact if the broader macroeconomic and structural setting was problematic. This move created tension between the two institutions with both institutions now effectively offering balance of payments loans, with policy conditionality attached. Both Bank structural adjustment loans and Fund adjustment programs addressed issues that included exchange rate, trade, and sector policies (Feinberg, 1988).

39. Notwithstanding the Bank's move into structural adjustment lending, the arrangements set out in the 1970 joint memorandum continued to work fairly well in some respects. Fund and Bank staff often conducted joint and parallel missions and regularly conducted before- and after-mission discussions. In 1980 alone, for example, Bank staff joined Fund missions to 11 countries, compared with 6 a year earlier; and Fund staff joined Bank missions in an additional 11 countries, compared with 7 a year earlier (IMF, 1981b). That year joint or parallel missions took place in 19 additional countries (IMF, 1981a).[12] Beginning in mid-1980, Fund surveillance reports included a description of the country's relationship with the Bank.

40. Nevertheless, the Bank's perceived encroachment into an area of Fund "primary responsibility" prompted Fund MD Jacques de Larosière to suggest to the Fund Board in 1980 that it was time to revisit the 1970 understandings about Bank-Fund collaboration:

> "While obviously a close collaboration between the two institutions is necessary to ensure coordinated action and to avoid conflicting advice to members, it will continue to be important to maintain the distinct character and functions of each institution. For example, it is my understanding that if the Bank were to consider that a country's program of structural adjustment should including a medium-term target for the current account of the balance of payments, the Bank would look to the Fund to develop such a target in close consultation with the national authorities" (IMF, 1980a).

41. On the Bank side, there was no objection to developing a new, updated statement, but an official from the Bank's legal counsel office recommended to Bank Vice President Ernest Stern to avoid referencing the December 1966 and February 1970 memoranda because "various parts of these memoranda are not being observed in practice," acknowledging that "effective collaboration….cannot be enforced by carefully drafted contractual provisions." Instead, he advised, it would make more sense to "conform agreed procedures to present practice" (World Bank, 1980a).

42. What followed were parallel June 9, 1980 memos from de Larosière to senior Fund staff and from Stern to senior Bank staff that contained guidelines for strengthening collaboration at

[12] The Fund missions were in Dominica, Grenada, Mali, Mauritania, Morocco, Pakistan, Portugal, Turkey, Yugoslavia, Zaire, and Zambia; Bank missions were in Antigua, Belize, Liberia, Mali, Mauritius, Montserrat, Nigeria, Portugal, St. Kitts/Nevis, Suriname, and Turkey. Joint or parallel missions took place in Argentina, Bangladesh, Bolivia, Guyana, Honduras, Ivory Coast, Jamaica, Korea, Mali, Morocco, Pakistan, Panama, Peru, Sierra Leone, Senegal, Sri Lanka, Togo, Venezuela, and Zaire.

all levels (IMF, 1980b; World Bank, 1980b). Both memos reaffirmed the 1970 understandings. Both noted the support of their respective Boards for the importance of Bank Fund collaboration and agreed on their support for particular elements of it. Both leaders reiterated that missions of one institution should have "thorough" discussion with their counterparts about relevant issues before departure; if appropriate, a staff member of the other institution could participate in a mission, with national authorities consulted; returning missions should debrief relevant staff at the other institution and share relevant information. They also agreed on other examples of exchange of information. Both memos noted, using similar language, that the institutions have separate identities, responsibilities, and functions.

43. There were also some notable differences between the memos. The Fund memo highlighted the Board's acknowledgement that effective collaboration had become even more important as the Bank moved toward "structural adjustment and some form of balance of payments loans," in "a more comprehensive way" than in the past, while the Fund had begun to focus more on "certain types of structural problems, including longer periods of adjustment," with more interest in the "supply side aspects of members' economies." The Bank memo highlighted the idea from the 1966 memos of "primary responsibility," noting there is still "ample scope" for each institution to pursue its primary objectives despite the inevitability of some areas of each impinging on the other. For the Bank, collaboration implied avoiding conflicting policy advice and coordinating the timing of work and consultation. The Fund echoed those sentiments, but for the first time emphasized that "complementary" relationships between programs of the Fund and Bank were not only to avoid conflicting advice, but also to achieve something more—in effect, a synergy, or what was called a "meshing together" that best helped member countries. De Larosière wrote:

> "Both institutions have to move and to pull in the same direction, which is the direction of the well-being of our members.... Our aim should be not merely to avoid conflicts but rather to achieve effective collaboration in such a manner as to be of maximum assistance for member countries" (IMF,1980b).

44. A March 1981 Fund staff progress report on Bank-Fund collaboration, in referring to the 1980 parallel memos, also emphasized complementarity, describing the parallel guidelines as emphasizing "a strong need for complementarity of programs, which would require even closer collaboration at all levels: staff, management, and Board" (IMF, 1981a).

45. The report also noted that collaboration was working fairly well, giving examples of one institution relying on the other. One example was Fund reliance on Bank expertise in countries' energy sectors, where energy policies were important elements of Fund programs, especially for countries facing high oil import costs. The Bank's move into structural adjustment lending, in turn, had resulted in a greater demand for Fund views on macroeconomic policies. The review noted examples of conflicting advice and also highlighted the fact that the timing of the two institutions work created issues, for example, when Bank staff could not provide timely

assessments of a borrowing countries' investment program or policies when the Fund was designing a program.

46. Major shareholder countries were also pushing for the Bank and Fund to better collaborate in the wake of the debt crisis. The 1983 G7 summit's "Williamsburg Declaration on Economic Recovery" called for "closer cooperation and timely sharing of information among countries and the international institutions, in particular between the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the GATT" (G7, 1983). Leaders at the time were concerned about growing protectionism, shrinking world trade, volatile foreign exchange markets, and high levels of developing country debt. Fund Board interest in intensifying Bank-Fund collaboration and a request from the G10 deputies prompted an August 1984 Fund staff progress report.

47. While developed countries were pushing for stronger cooperation, developing countries began to raise concerns about "cross conditionality," the idea that the use of one institution's resources would be subjected to the conditionality of the other (IMF, 1981b; 1988). Both Boards of Directors stressed multiple times the importance of avoiding such situations. But in fact, the boundary could be blurry, given the fact that Bank adjustment lending was typically preceded by a Fund arrangement, and that where there was no Fund program, Bank staff must check with the Fund to see if the Fund had any outstanding concerns about the country's macroeconomic health or policies (IMF, 1988). The 1984 IMF staff progress report pointed out evidence of complementarity between Fund and Bank programs—for example, where Bank sectoral work has "formed the basis for" measures included in a Fund program. It argued that between 1979–81, there was no evidence of cross-conditionality.

48. During the 1980s, collaboration continued in the form of consultation and cooperation. A Fund staff review of Bank-Fund collaboration in 1985 offered examples of Fund staff seeking Bank staff advice on areas where the Bank had "particular expertise," such as in analyzing public sector investment programs, and in sectoral analysis—such as agriculture and energy (IMF, 1986b). A 1988 IMF document highlighting procedures for Bank Fund collaboration noted that Board documents of one institution were regularly shared with staff of the other, through their respective Secretary's Departments (IMF, 1988b). Feinberg (1988) provided evidence of consultation and cooperation between 1979–85 by pointing out that only 3 of 23 World Bank sector loans were made to countries without IMF programs.

49. During this period, the concept of complementarity became more visible and was increasingly discussed. For example, in 1984 the Fund Board stressed the importance of the complementary roles of the two institutions to achieve their objectives, with a need to have a "shared understanding of a member's economic problems to ensure that their policy advice is both consistent and mutually supportive" (IMF, 1984b). The World Bank's Operations Evaluation Department noted in 1984 that "in order to be meaningful and effective, Bank-Fund collaboration in countries where both are active, must extend beyond formal staff cooperation to

planned complementarity between the programs of the two organizations" (World Bank Operations Evaluation Department, 1984).

The "Concordat"

50. Despite efforts to collaborate, tensions related to the Bank's move into structural adjustment lending and the Fund's move into longer-term lending came to a dramatic head in the late 1980s. The debt crisis that ran from 1982 through 1989 was a time when many countries were struggling to meet their external financing needs given the loss of access to funding from commercial bank syndicated loans. Both institutions were actively working to support debtor countries. Part of the 1985 Baker Plan's effort to encourage additional bank lending to the 15 biggest middle-income debtor countries included calling for the Bank and Fund to work more closely together to assist these countries in developing policies to improve economic growth. The 1989 Brady Plan, in addition to offering debt restructuring packages for debts to commercial banks, called for the Fund and Bank to coordinate decisions on a country's qualification for debt relief, and for both to support agreed upon programs (Boughton, 2001).

51. While there were examples in this decade of the two institutions deferring to one another as expected, there was also increasing concern about competition between the two institutions where one could actively undermine the other. Fund MD Michel Camdessus wanted to avoid situations where borrower countries could shop between the two institutions to choose the more attractive conditionality (Boughton, 2001). Between the lines, this reflected the Fund's concern about the Bank lending where the IMF would not. The case that brought sibling rivalry to a head was Argentina, specifically the Bank's 1988 decision to lend Argentina $1.25 billion while the country did not have an IMF-supported program in place.[13] The Bank's loan was predicated on economic reforms that included broadening the tax base, deregulating markets, and promoting exports. The IMF staff opposed the Bank loan, given Fund staff's negative view of the country's poor performance in previous Fund-supported programs, its assessment of Argentina's policies, and its skepticism that Argentina would carry out its promises. Normally, the Bank's practice was to make an IMF arrangement a de facto condition for a Bank SAL, a practice ignored in this case (Kapur, Lewis, Webb, 1997).[14] The European and Australian directors at the Bank made clear they thought the loan was imprudent. Interim Committee Chair, H. Onno Ruding, the Dutch finance minister, urged Camdessus and Conable to come up with a strategy to avoid repetition of this serious problem (Boughton, 2001; Kapur, Lewis, and Webb, 1997; Shihata, 2001).

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[13] There were also disagreements between the two organizations elsewhere; for example, a proposed structural adjustment loan for Brazil's power sector, with the Fund's deputy managing director criticizing the Bank for agreeing to weak fiscal targets, and the Bank senior vice president for operations replying with indignance; and in Turkey, where the Bank made a 1988 loan in opposition to the Fund's advice (Kapur, Lewis, and Webb, 1997).

[14] The Bank had just been reorganized in 1987, and the new senior vice president for operations and the vice president for Latin America felt the Bank should be more independent of the Fund. Bank President Conable was persuaded to ignore the long-standing rule that a Fund agreement was necessary for a Bank adjustment loan. This was reinstated after the Argentine debacle (Kapur, Lewis, and Webb, 1997).

52. To address these stresses, in March 1989, the MD and President agreed on a major strategy to encourage collaboration, in the form of a memorandum to their respective Executive Boards. Like the 1966 statement, the goal of this effort was to address cases where the two institutions had different points of view and could therefore offer different policy advice to member countries. The "Bank-Fund Collaboration in Assisting Member Countries," informally known as "the Concordat," is seen as one of the leading documents on the relationship between the two institutions (IMF, 1989; Shihata, 2001). Like some of the earlier agreements, this was issued to the staff of both institutions as a joint memorandum from their leaders. The guidelines were jointly prepared by their managements.

53. The months-long process in negotiating this agreement was not easy. The Fund was more interested in a new agreement than the Bank. Fund MD Camdessus flagged the Fund Board before the Argentinian crisis that it might be time to review Bank-Fund collaboration, given challenges with implementing the agreed upon principles in individual countries (IMF, 1988a). The deputies of the G10, which included major industrial country executive directors, deputy finance ministers, and deputy central bank governors, also supported a clearer delineation of responsibilities, with the Fund continuing to have primary responsibility in exchange rate, fiscal and monetary policy issues, and the Bank in investment (Farnsworth, 1989). After Camdessus and Bank president Conable apparently agreed on the main thrust of the document, the Fund issued the final draft to its Executive Directors March 9, 1989, but Conable immediately said he had not accepted key passages. This draft contained the conflicting statements that neither institution had veto power over the other despite primary responsibilities, and that the institution that did not have primary responsibility where there was a difference of opinion would have to yield to the other. After three more weeks of discussion, the "veto" language was removed, and the "yield" language had additional wording, noting that such yielding—essentially a veto—could have rare exceptions (Boughton, 2005).

54. The March 1989 Concordat's goal was to affirm and expand upon the principle of primary responsibilities reflected in previous guidelines and offer a process for resolving conflicting points of view. The Concordat recognized that the rapid growth in overlap in the activities of the two institutions in the 1970s and 1980s, a more challenging international economic environment, and massive financing and adjustment issues facing members required a stronger collaborative framework. Again, a main goal was to reduce overlap and duplication, but the Concordat also went beyond that to acknowledge that "institutions and borrowing members normally stand to benefit from analyses from different perspectives."

55. The focus of the Concordat, then, was to broaden the definition for each institutions' primary responsibilities, and to lay out a plan for resolving conflicting points of view. It continued to follow the model of demarcation. As the leaders noted, "With the growing contiguity of the activities of the Bank and Fund, we believe it is essential to strengthen collaboration, to ensure that conflicts of views are resolved at an early stage, do not surface in contacts with country authorities, and do not result in differing policy advice to member countries" (IMF, 1989).

56. The Fund's "mandate, primary responsibility, and a record of expertise and experience," were in the "aggregate aspects of macroeconomic policies and their related instruments—including public sector spending and revenues, aggregate wage and price policies, money and credit, interest rates and the exchange rate." The term "aggregate aspects" was seen as a way of addressing the Bank's desire to retain role in evaluating country economic policies. This created a great deal of ambiguity, given that it might mean the Bank could take the lead in determining specific issues that would normally be left to the Fund. As Boughton (2001) noted about this phrase, "No one could say definitively what it meant, and all efforts to make it more precise failed."

57. The Bank, in turn, would focus on "development strategies; sector and project investments; structural adjustment programs; policies which deal with the efficient allocation of resources in both public and private sectors; priorities in government expenditures; reforms of administrative systems, production, trade and financial sectors; the restructuring of state enterprises and sector policies." The Concordat noted that these were the Bank's areas of primary responsibility, where it had a mandate and record of expertise and experience, "except for the aggregate aspects of the economic policies" mentioned in its description of the Fund's focus. While seeking to clarify each institution's focus, the document also noted that there are areas where both institutions would have legitimate interests, noting "both the World Bank and the International Monetary Fund must be allowed to explore their legitimate concerns with regard to macroeconomic and structural issues and to take them into account in their policy advice and lending operations." It concurred with the 1966 guidelines' stipulation that each institution had its areas of primary responsibility, and that views on matters within one institution's area of primary responsibility should only be expressed to members if that institution consents.

58. To resolve differences in views, the Concordat called for regular meetings between Bank regional vice presidents and corresponding Fund area department directors; senior level meetings as needed to review strategies for countries of interest to both institutions; more systematic exchange of information, including forward-looking calendars by area departments and regions; ad hoc study groups to examine relevant analytical issues; and better coordination in structural adjustment program planning. Significant disagreements among staff would escalate up the food chain; first going to managers, and if not resolved there, then going to more senior officials. An issue would escalate to the MD and President if not resolved at lower levels. In fact, many of these procedures had already been in place, related to how the Bank and Fund prepared the policy framework papers (PFPs) (IMF, 1988b).[15] The Concordat also laid out collaboration mechanisms in specific issue areas, such as debt strategies and adjustment programs. For the latter, for example, the Concordat supported the Bank asking Fund's assessment of members' economic situations even in countries without Fund arrangements.

59. The Concordat has a mixed legacy. While the Fund's Directors were broadly supportive of the agreement, the Bank's Directors had reservations, and therefore did not regard the

[15] The policy framework paper (PFP) was a joint collaborative effort that supported the Fund's SAF and ESAF.

Concordat as binding. At the Bank, the Concordat was seen as a management directive to staff, rather than Bank policy. Over time, however, some of its recommendations were implemented, and it came to be acknowledged as the main set of guidelines for promoting collaboration between the two institutions, as updated or complemented by subsequent documents (Boughton, 2001; Shihata, 2000). Fund and Bank staff subsequently have noted that there are regular exchanges of views between the two institutions, taking place at different levels. For example, Bank and Fund management meet on a regular basis. But not all the recommended meetings were carried out as recommended, while informal interactions continued. There were also different views on whether the Concordat enhanced collaboration or created even more territory of overlap (Shihata, 2001; US Treasury, 2009).

C. The 1990s

60. The 1990s presented many pressures and opportunities for collaboration, which resulted in guidance notes on individual issues for collaboration, such as the former Soviet Union and public expenditure work, and a set of new joint initiatives. At the top of the institutions' agenda in the early part of the decade was responding to the collapse of the Soviet Union and assisting former Soviet bloc countries with their transition toward market economies. The Bank President and Fund Managing Director issued a joint statement in April 1992, as an addendum to the Concordat, aimed at guiding staff on improving coordination given the complexity and scale of the transition taking place in the region (IMF, 1992). For example, it conditioned Bank lending on the government's structural adjustment plans, based on an agreement between the Fund and government on the country's macroeconomic framework. The Bank and Fund would consult with one another on policy issues and priorities before their discussions with country authorities, to avoid giving authorities conflicting advice and to make sure the work of each institution would be "compatible and mutually supportive." Coordination by the two institutions with other donor institution was also seen as important to help ensure that the massive mobilization of financial assistance and technical support was delivered efficiently.

61. A framework for coordinating work on public expenditure was laid out in June 1995 and issued as a memorandum from Bank President James D. Wolfensohn and Fund MD Michel Camdessus with a guidance note developed by staff of both institutions (World Bank and IMF, 1995). This effort recognized of the overlap between the two institutions' work, especially as the Fund was working more directly on issues previously seen as Bank territory. Issues included the impact of public services delivery on budget allocations, systems, and processes. Public expenditure also plays an important role in poverty reduction, which was seen as a key development goal as outlined by the 1995 World Summit for Social Development. As Wolfensohn and Camdessus noted, "the overall level and composition of public expenditure are key determinants not only of financial stability but also of the efficiency and equity with which scarce resources are allocated within an economy" (World Bank and IMF, 1995). These guidelines called for the two institutions' regional and area staffs to produce a work program to lay out each institution's objectives, figure out their respective responsibilities, and to produce measures for improving country authority involvement.

62. In September 1998, in the midst of the Asian financial crisis, the MD and President produced a joint memorandum on Bank-Fund collaboration that reaffirmed the principles of the Concordat but noted that occasional "strains in collaboration" and new areas of overlap required updated procedures (IMF and World Bank, 1998). The memo highlighted the importance of coordination and complementarity as strategies for responding to the complexity of the global economy and resource constraints. Programs supported by the Fund and Bank "should be complementary and part of an overall reform agenda owned by the member country." The memo called for each institution's Board of Directors to "be made aware of the total package and of how the components covered by one institution complement the parts covered by the other" (IMF and World Bank, 1998).

63. The memo identified areas of overlapping responsibilities included financial sector work, areas in public sector reform, tax policy and administration, transparency, governance, trade policy, and debt. It noted new areas of overlap had emerged in areas that had traditionally been the Bank's responsibility: corporate sector governance, "judicial reforms, environment, and social protection and development" (IMF and World Bank, 1998). Staff were working on determining the division of responsibilities in these areas, to improve the coordination, which was a distinctly different focus than the Concordat's emphasis on delineating primary responsibilities. The 1998 memo also codified a practice that was seen during the Asian crisis whereby the Fund would be the lead institution in a crisis, as a "focal point for advice," with responsibility for the broad stabilization program. The memo also created a new Financial Sector Liaison Committee (FSLC), to promote closer coordination on financial issues. It created a set of guidelines in 1999 to articulate how staff would coordinate their work programs and negotiate financial sector conditionality with countries. This collaborative effort also reflected a request from the 1997 G8 summit meeting that the Bank and Fund do more to cooperate on strengthening the financial sectors in emerging market members. Finally, the document offered an example of the "leveraging expertise" approach in guidance to Fund staff on Article IV surveillance. It stated:

> "In carrying out its surveillance, the Fund informs itself of the work done on all countries by other organizations, such as the Bank and the OECD. The Fund's analysis should be more in-depth in areas where it has primary responsibility; in area where the Bank (and others) have the lead, the Fund would primarily aim at identifying areas of potential difficulty, and learn from, and use in its own analysis the work undertaken by the Bank (and other organizations)" (IMF and World Bank, 1998).

64. The 1990s also marked the launching of a series of new joint Bank-Fund initiatives for partnerships on specific issue areas or sectors (Abrams, 2020). Such initiatives are examples of the most engaged approach to collaboration, where the two institutions were explicitly working together as partners on issues where both had interests and responsibilities. Examples included the Heavily Indebted Poor Countries (HIPC) Initiative, launched in 1996, and three initiatives launched in 1999: the Poverty Reduction Strategy Paper (PRSP); the Financial Sector Assessment Program (FSAP); and the Report on Observance of Standards and Codes (ROSC). These initiatives included different ways of working together. For example, while the FSAP would be undertaken

jointly by the two institutions, they would each focus on distinct issues and produce separate outputs. The Fund produced a Financial Sector Stability Assessment (FSSA) and the Bank produced a Financial Sector Assessment (FSA). PRSPs were introduced in 1999 by the IMF and World Bank together to strengthen their approach to providing assistance to low-income countries, based on a country-driven process for countries to develop a comprehensive strategy to promote broad-based growth and reduce poverty, which could be supported by the Fund's PRGF lending and the Bank's IDA and Poverty Reduction Support Credit (PRSC) lending, as well as debt reduction under HIPC.

65. These joint initiatives evolved over time and were not without their own set of collaboration and other challenges. The HIPC Initiative transformed into the Enhanced HIPC Initiative in 2000 to address poverty reduction and debt sustainability supported by PRSPs. In 2005, the Enhanced HIPC was supplemented by the joint Multilateral Debt Relief Initiative (MDRI), to assist eligible countries in meeting the United Nations' MDGs. Following the Bank's 2014 decision to delink its concessional funding from the PRSP, the Fund replaced the PRSP with the Economic Development Document (IEO, 2018); it was subsequently renamed the Poverty Reduction and Growth Strategy (PRGS). The FSAP has undergone changes to strengthen its effectiveness, including the development of expanded stress tests and a clearer delineation between Bank and Fund contributions. One collaboration issue that emerged was how different Bank and Fund internal processes and timelines made coordination more difficult for FSAPs in emerging market economies and low-income countries (IEO, 2019).

D. 2000–2010

66. In September 2000, the World Bank President and IMF MD, James Wolfensohn and Horst Köhler, released a joint statement describing their joint vision for "enhanced partnership in the new century," responding to changes in the global economy. It was the first statement on Bank-Fund collaboration by leaders of the two institutions since the Concordat that did not reference it. The two leaders emphasized the notion of complementarity in stating that the Fund and Bank should be guided by a "comprehensive approach to address the multidimensional nature of sustainable growth and poverty reduction" (World Bank and IMF, 2000).

67. According to the leaders, the two institutions were guided by five principles developed over their five decades of work: a comprehensive approach to address "the multidimensional nature of sustainable growth and poverty reduction;" the importance of reducing barriers related to gender, ethnicity, and social status in order to make growth and development equitable; the importance of country ownership of development; linking support to performance; and transparency in order to ensure accountability. As in past efforts to promote collaboration, this statement laid out the roles of each institution. This time, the leaders noted that the Fund needed to adapt to the dramatic growth in volume and sophistication of international financial markets by concentrating more on systemic issues and making crisis prevention "a priority objective." The World Bank's challenge, in turn, was to better tailor its work to changing needs of diverse clients, while also being more strategic in the provision of global public goods and using

modern information technology. They called for each institution to focus on its core tasks, "while working together in a complementary fashion in areas—such as the financial sector—where our responsibilities overlap." The leaders added that partnership should extend beyond their relationships with each other to include other bilateral and multilateral actors as well (World Bank and IMF, 2000).

68. In August 2001, the Boards of the IMF and World Bank endorsed a strategy prepared by Fund and Bank staff to strengthen collaboration on country conditionality, which ultimately led to revision in the Fund's conditionality guidelines (IMF and World Bank, 2001). The strategy document argued that the Bank and Fund must do more to cooperate throughout the "country program cycle" in order to better collaborate on conditionality. It noted that collaboration had worked better in low-income countries compared with middle-income countries, particularly as the former included the successes of the HIPC initiative and PRSP approach. The document also presented the term "lead agency" as a concept for addressing specific policy issues. This term appeared in several subsequent collaboration documents. For example, the Joint 2002 Guidance Note to Bank and Fund staff on *Operationalizing Bank-Fund Collaboration in Country Programs and Conditionality* (IMF and World Bank, 2002) called for Bank and Fund teams to clarify who was the lead agency in terms of how they would divide responsibilities between themselves and identify and implement reform objectives in their assistance to countries. The 2010 JMAP, discussed below, also called for Bank and Fund staff to decide on who was the lead agency to cover specific issues as they collaborate on fiscal policy-related issues (IMF and World Bank, 2007). The 2014 TSR also referred to the lead agency model as guidance for when the Fund "should typically 'borrow expertise' to inform its surveillance through building stronger partnerships, rather than 'reinventing the wheel (IMF, 2014a). The "lead agency model" contrasted with the stricter demarcation approach of the past, which specified lists of issues for which each institution had primary responsibility and calling for one to "yield" to the other in cases of disagreement. Instead, the lead agency model encouraged staff to identify the lead themselves in areas of joint interest, but did not preclude both staffs playing a role.

69. In March 2002, more than 50 heads of state and 200 ministers (foreign affairs, trade, development, finance) met in Monterrey, Mexico, under the auspices of the United Nations, where they adopted the "Monterrey Consensus on Financing for Development" (United Nations, 2002). The objective was to mobilize and increase the effectiveness of development aid, given their concern that shrinking resources would mean that international development goals, such as the MDGs, would not be met. As part of its broad recommendations, it called for multilateral and bilateral development institutions to "expand and coordinate their efforts," and called on the Bank, Fund, United Nations, and WTO to "address issues of coherence, coordination and cooperation."

The Malan Report

70. In 2006, Fund MD Rodrigo de Rato and Bank President Paul Wolfowitz commissioned a high-level independent review committee as part of their efforts to deepen Fund-Bank

collaboration. They were interested in determining the extent to which the Concordat was being implemented, and whether "the demarcation of responsibilities (could) be better applied, altered, or made more precise, in order to achieve more efficient and effective delivery of services" for Fund and Bank members (IMF, 2006). The decision brought forward by one year a planned staff review of collaboration. It also reflected the perennial issue that while there were always individual instances of effective collaboration, there were still tensions between the two institutions. The committee was chaired by former Brazilian Finance Minister Pedro Malan and reported its findings in February 2007 (IMF, 2007).[16] While previous statements on collaboration were put forward by the heads of the Fund and Bank, and prepared by management and staff, for the first time, the assessment of Bank Fund collaboration was delegated to an outside group of experts. This document sought be forward-looking, asking how future economic changes would impact the ability of the Fund and Bank to work together. It laid out a long list of issues facing the institutions, including globalization, rising global imbalances, climate change, energy security, the implications of aging societies on global labor and capital markets, the implementation of the MDGs, the two institutions' roles in emerging market economies, their ability to respond to future crises, their roles in financial sector work and other global issues, and the implications for collaboration on efforts to improve their governance.

71. The report reiterated a number of observations that had been stated many times before on the importance of collaboration, as "essential…if each institution is to fulfil its mandate and serve the interests of its members." But instead of focusing on the demarcation approach, it argued for the importance of creating a "culture of collaboration," which in effect reflected the complementarity approach. A culture of collaboration, noted the report, should be "…grounded in the recognition that the Bank and the Fund have shared objectives and must rely on and trust each other, along with stronger incentives to collaborate. Importantly, each institution must perceive the other as being an equal partner, rather than to perceive itself to be 'first among equals.'" It called for working together to achieve a "collective result" that could not be accomplished by either institution alone. The Committee found "no robust dialogue" between the two institutions on issues of strategy and no evidence of the two institutions discussing Bank concerns over the Fund's role in low-income countries. It also found that, to the extent that mechanisms to improve collaboration existed, these focused more on resolving disputes rather than proactively identifying how the institutions could complement each other.

72. The committee listed numerous areas where collaboration could be strengthened, including issues such as different time horizons, lack of autonomy of IMF resident representatives, and issues related to information sharing, in particular that the Fund did not

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[16] The group included Michael Callaghan, Executive Director of Australia's Treasury's Revenue Group and a former IMF ED; Ciao Koch-Weser, Vice Chair of Deutsche Bank, former World Bank Managing Director and German Deputy Finance Minister; William McDonough, Vice Chairman of Merrill Lynch and former President of the Federal Reserve Bank of New York; Sri Mulyani Indrawatt, Indonesia's Finance Minister and a former IMF ED; and Ngozi Okonjo-Iweala, former Foreign and Finance Minister of Nigeria, and former Vice President of World Bank Group.

share financial programming data. The committee also made proposals to strengthen the culture of collaboration. It urged the two Boards to be prime catalysts for collaboration despite "little tangible progress" in doing so in the past. One example of failed collaboration it highlighted was the Joint Implementation Committee set up in 2000 to foster collaboration in implementing the HIPC initiative. It was re-established in 2004, but "still does not appear to be very active or effective." The committee urged the creation of a new standing Bank-Fund Board working group to actively promote and monitor collaboration. It advocated that, when possible, the Board director be the same at both institutions. It called for staff exchanges; for collaboration efforts to be addressed in performance reviews; for more effective cooperation in crisis management; and improved collaboration in specific issues such as fiscal policy design, financial sector issues, and technical cooperation. The committee did not recommend revising the Concordat, as "it was a negotiated agreement with ambiguity in parts of the text as a basis of reaching agreement" and indeed the name should be dropped as it implies it was a "negotiated peace settlement." Instead, the committee argued, "it is time to move forward rather than revisiting the 1989 Concordat," recommending the creation of a new "'Understanding on Collaboration'" that would encourage "an open dialogue between the Governors, Boards, management and staff of both institutions" (IMF, 2007).

The Joint Management Action Plan (JMAP)

73. The institutional response of the IMF and World Bank to the Malan Report was the Joint Management Action Plan (JMAP), prepared by the staffs, adopted by management, and discussed with the two Boards, the IMFC, and the Development Committee in 2007 (IMF and World Bank, 2007). The JMAP agreed with the recommendation of revising the Concordat, but it did not seek to move beyond it as the Committee recommended. Instead, the JMAP said it would use the Concordat "as a basis on which to improve further the ways in which the two institutions interact" (IMF and World Bank, 2007).

74. It identified three broad areas for improvement in Bank-Fund collaboration: more systematic coordination on country issues, better communication on common thematic issues, and strengthened incentives and institutional support for staff cooperation. Six joint staff work streams produced specific recommendations, including: new procedures for country team coordination; new electronic platforms for sharing more communications; better incentives and more support for collaboration; more systematic coordination at country level; more timely sharing of data, technical documents, and request for inputs; and periodic meetings of country teams to pool analytic and diagnostic work. The JMAP also contained a detailed implementation matrix and called for SPR and PREM to prepare periodic progress reports. It concluded that improving communications and coordination would nurture a collaborative culture. The JMAP's recommendations were discussed with the two institutions' Boards at a joint informal briefing in

February 2007, and again at informal meetings the following month, before being considered by the IMFC and the Development Committee in April 2007.[17]

75. In March 2010, the World Bank and Fund staff prepared a review paper on the implementation of the JMAP (World Bank and IMF, 2010). The review highlighted the complementarity approach, noting that "The Bank and the Fund have complementary financing roles, and must collaborate closely in providing financial assistance and policy advice to individual countries. Where the financial support or policy advice of one institution has a bearing on the operations of the other, as is often the case, collaboration is particularly important." It concluded that implementation of the JMAP varied, but that overall the impact on Bank-Fund collaboration was positive, with the JMAP playing "a supporting rather than a central role." One reason was that the succession of global crises beginning in 2008 had forced staffs to work more closely together.

76. The JMAP review noted that both institutions' managements were committed to actions to increase collaboration, by focusing on measures with the greatest potential to enhance collaboration that included: a) setting deadlines for joint country-teams to complete their first annual consultation; b) having both institutions' HR departments produce a strategy to reduce impediments to staff mobility; d) setting up a joint task force to develop guidelines on information sharing between Bank and Fund staff; e) developing measures to help staff of each institution better understand the other's organizational structure.

E. 2010–Present

77. Since 2010, there has been little subsequent follow up on the JMAP and it is unclear how far many of the recommendations were implemented. The structure for information sharing, for example, became more challenging in 2011 when the World Bank ended Fund access to the Bank's intranet after the Fund's system was hit by a sophisticated cyberattack (Sanger and Markoff, 2011).

78. While there have been no joint institution-wide umbrella efforts to strengthen collaboration since the JMAP, there has been a continuation of various, more practical collaboration initiatives between the Bank and Fund that address specific issue areas and also more efforts by the two institutions to collaborate with other IOs and actors, either alone, or together.[18] For example, the Bank and Fund have developed several strands of collaboration on tax issues, including a 2015 agreement, launched ahead of the "Financing for Development" conference in Addis Ababa, Ethiopia, to better engage developing countries in international tax

[17] See (World Bank and IMF, 2010). The Development Committee communique (2015) stated, "We look forward to hearing from the two institutions about concrete proposals to foster a culture of collaboration."

[18] Further information on selected collaboration initiatives between the IMF and multilateral partners is provided in Abrams (2020).

issues. Bank and Fund tax collaboration evolved into a broader Platform for Collaboration on Tax in 2016, including the participation of the OECD and the UN. In 2018, the Bank and Fund launched the Bali Fintech Agenda, which offers a framework of 12 policy elements as member states consider how to best respond to advances in financial technology (IMF, 2018). Some of these joint initiatives have come under broader multilateral efforts, such as the flagship Bank-Fund annual Global Monitoring Report, between 2004–15, which examined progress toward meeting the MDGs. A G20 request for a "stocktaking" on how the Fund and major multilateral development banks (MDBs) coordinate their work in countries that request budget support or policy-based loans while facing balance of payments pressures resulted in a Fund paper to the G20 International Financial Architecture Working Group and ultimately a set of G20 principles to encourage greater collaboration on countries requesting financing.[19] The G20 principles call for MDBs (including the World Bank) to use IMF assessments on a potential borrower's macroeconomic policy and conditions before approving budget-support loans.

79. Beyond these initiatives, the Fund has sought to draw on World Bank expertise as it has paid increasing attention to addressing macro-structural issues that are understood as critical for macroeconomic outcomes. Some of the Fund's work on macro-structural issues, including labor markets, income inequality, and good governance, goes back at least two decades. The question of how to better assist Fund membership with these issues received fresh interest after the global financial crisis, given an increased focus on promoting more inclusive economic growth (Stedman, Abrams, and Kell, 2020). In 2013, the Fund began to explore how it would operationalize the work in what it called "emerging issues," such as climate change, and gender inequality, issues that the Bank had more history and expertise in addressing.[20] These issues were also embodied in the MDGs and later the SDGs, which the Fund and other major international organizations pledged to support.[21] The Fund's 2014 Triennial Surveillance Review called for deeper analysis of macro-critical structural policies and called on Fund staff to "leverage expertise" from other international organizations in Article IV consultations in areas where the Fund lacked sufficient expertise (IMF, 2014a). In 2015, the Fund launched pilots in three of the issue areas (inequality, climate, and gender) followed by a pilot on macro-structural issues, with a goal of developing experience on these issues in the context of bilateral surveillance. In launching these initiatives, staff were encouraged to "engage" with outside experts "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, 2016).

[19] The report was prepared by IMF, World Bank, and IADB, in coordination with staff from the Asian and African development banks.

[20] See, for example, IMFC Communique (2012).

[21] February 2013 statement by leaders of IMF, African Development Bank, EBRD, IADB, and World Bank Group. See IMF Annual Report (2013).

80. This effort draws on previous guidance to Fund staff to bring in expert advice from other organizations in different ways and forms. As noted above, the idea of leveraging expertise was mentioned in the 1989 Concordat and the 1998 memo from the institutions' leaders. It has also appeared in advice to Fund staff in other issue areas. For example, a 2008 Fund Operational Guidance note on the 2002 conditionality guidelines also stated that "effective collaboration with other multilateral institutions" was a key principle on designing conditionality (IMF, 2008).[22] This idea reappeared in more recent iterations, for example the 2014 guidance on conditionality that notes that program staff reports were required to include a discussion of collaboration with other multilateral organizations, especially the World Bank. In additional, staff reports were required to show how the Bank and Fund coordinated their work, for example if Bank-supported programs were sequenced to support Fund-supported program goals (IMF, 2014b; 2018).

81. The theme of Fund staff being asked to leverage expertise differs from past joint efforts to encourage collaboration since it was not developed and agreed with the World Bank. In effect, it is a unilateral effort to encourage collaboration with the Bank and other multilateral institutions. There is no particular process or structure on the Bank side to work with the Fund. Therefore, while the Fund commonly calls the "leveraging expertise" model a collaborative exercise, in fact, it may not support joint goals.

V. CONCLUSION

82. While major international organizations have always collaborated with one another, formally and informally, collaboration has become more important to IOs over time as they seek to adapt to a changing global context and issues, and the increasing overlap in their mandates and objectives that have resulted in a period of tight limits on budgetary resources. Attention to the value and modalities of working together have also become more urgent in an era where the benefits of multilateralism are being questioned. Scholars studying regime complexes, or common areas in which multiple international organizations operate with formal and informal means of coordination, debate whether such institutional overlap produces more fragmentation or more flexibility (Henning, 2019; Keohane and Victor, 2011). More integrated partnerships, including global public-private partnerships, are also on the rise, in response to the impact of globalization on transboundary problems and the perception by emerging powers, developing countries, and a variety of societal actors that these issues have not been adequately addressed by IOs (Andonova, 2017). Broader multilateral collaborative efforts—such as the MDGs and SDGs organized under UN auspices, and various G20 initiatives, where different groupings of IMF member states seek to encourage a broader range of states, international institutions, and other partners to work together—continue to confront specific global problems and issues. As the Report of the G20 Persons Group on Global Financial Governance (2018) concluded, there is a

[22] See also, IEO (2018), "Structural Conditionality in IMF-Supported Programs—Evaluation Update."

need for “bold and defined steps to ensure that today’s institutions—global, regional and bilateral—work together as a system.”

83. The case of Bank-Fund collaboration is particularly rich as these two major institutions were explicitly created with the understanding that they would regularly engage with one another. The history of their efforts to do so highlights the challenges they faced in defining—and adjusting to—turf boundaries and addressing differences in views on individual countries and issues. The approaches they have followed over time, with different levels of engagement, also highlight the fact that collaborative efforts are not static, as thinking about approaches to collaboration evolved from an emphasis on demarcating primary responsibilities to avoid conflicting advice and duplication, to a more synergistic approach that emphasized bringing institutional comparative advantages to the table in areas of shared interest and responsibility. There has also been a shift from umbrella agreements on Fund-Bank collaboration to more practical issue-focused efforts that are defined more explicitly as partnerships, including FSAP and Fintech, where Fund and Bank staff sit down together to figure out joint processes and strategies. This has meant that the Concordat, seen as the legal basis of collaboration between the two institutions, is not “state of the art,” in the sense that its primary focus was demarcation, rather than areas of shared work. The different approaches to collaboration also highlight a range of engagement, involving different levels of commitment and resources.

84. The 25-plus efforts by the Bank and Fund to determine the modalities of collaboration reflect the fact that there is no single recipe for how the two institutions should work together, as they interact on a variety of levels, in a variety of countries, and on an evolving array of issues. The ingredients and dynamics of what each institution may determine to be useful and effective collaboration have also varied depending on the specific goal, topic, problem, or country. The guidelines and statements over the years have sought to help define the division of labor, to avoid turf encroachment, to encourage a better use of each institution’s role and expertise, or some combination of both. These efforts reflect the desire of the Fund and Bank to adapt to changing circumstances in order to remain relevant and to best serve their member states.

ANNEX 1. KEY DOCUMENTS RELATED TO BANK-FUND COLLABORATION

	Year	Document/Event	Trigger	Objective
1.	1946	Joint Report on Liaison between the Boards of Executive Directors.	Designing the new institutions.	Information sharing, documentation exchange, attend Board meetings.
2.	1946	Procedure for Liaison Between Fund and Bank on Financial Assistance for Members IMF Executive Board Document No. 113, Revision 1.	Designing the new institutions.	Creates procedures for collaboration including letting each institution express an opinion on matters of interest or concern to the other.
3.	1966 Principles: January 1966; December 1966	Further Steps for Collaboration with the IBRD; EBD/66/9 Rev. 1. Memorandum on Fund-Bank Collaboration, EBD/70/38, Attachment C.	Instances of conflicting advice; expansion in number of members.	Statement of principles and procedures for collaboration; to avoid duplication; give consistent advice; delineate primary responsibilities. Details primary responsibilities.
4.	1970	Further Steps for Collaboration Between the IMF and the IBRD, EBD/70/38.	Pearson Commission calls for more consistent advice; increase in Fund and Bank mission activity.	Reaffirms 1966 principles; adds additional procedures.
5.	1974	Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries, or Development Committee.	Need for greater Bank Fund coordination on transferring resources to developing countries.	Advise and report to both Boards on issues related to mandate of Committee.
6.	1980	Parallel memos from MD and President reaffirming 1970 understandings and agreeing on procedures, EBD/80/161.	Bank moved into structural adjustment lending; the Fund moved into medium-term lending.	Expands collaboration procedures reviewed and affirmed by both managements. Fund introduces idea of complementary programs.
7.	1981	Progress Report on Fund Collaboration with the Bank in Assisting Member Countries, SM/81/62.	Review collaboration efforts	Cooperation has improved but need for more effort at working level.
8.	1984	IMF Fund/Bank Collaboration—A Further Progress Report, SM/84/210.	G-10 Deputies requested staff update the 1981 Progress Report.	Reviews and reaffirms 1970 guidelines (and by Bank in 1985).
9.	1985	Bank-Fund Collaboration, R85/30.	Bank and Fund "moving closer together" in the midst of debt crisis.	Bank report reviews cooperation between 1981-84.
10.	1986	Progress Report on Bank-Fund Collaboration, (R86-112); Fund-Bank Collaboration—Developments in 1985, SM/86/40.[1]	Both reports in response to the Boards calling for increased collaboration, especially in formulating adjustment programs.	Bank report reviews initiative for enhanced collaboration in 8 pilot countries. Fund report highlights importance of achieving "complementarity" of roles, including close staff contacts and cross participation in missions.
11.	1988	Current Procedures and Practices of Bank-Fund Collaboration on Country Matters, SM/88/249.	G-10 Deputies request.	A summary of current procedures for collaboration between the Bank and Fund, based on the 1985 guidance notes.

	Year	Document/Event	Trigger	Objective
12.	1989	Joint Memorandum to the Boards of the IMF and the World Bank on Bank-Fund Collaboration in Assisting Member Countries (Concordat).	1980s debt crises, turf conflicts in Argentina, Brazil, and elsewhere; response to Brady Plan.	Becomes main framework for Bank-Fund relationship. Broadens definition of "primary responsibility;" seeks to clarify boundaries; presents process for addressing disputes.
13.	1992	Joint memorandum on Bank-Fund Collaboration on the States of the Former Soviet Union, EBD/92/97.	Response to collapse of Soviet bloc.	An addendum to the 1989 memorandum on Bank-Fund Collaboration; includes conditioning Bank lending on agreement between Fund and borrower country.
14.	1995	Joint Guidance Note on Bank/Fund collaboration on Public Expenditure Work, EBD/95/123.	Recognition of overlap in Bank-Fund work. Public expenditure link to poverty reduction also outlined in 1995 Social Summit.	Calls for Bank and Fund regional and area staff to produce work program, determine respective responsibilities, produce measures to improve country involvement.
15.	1996	The Heavily Indebted Poor Countries (HIPC) Debt Initiative: A Program of Action, report of the President of the World Bank and Managing Director of the IMF.[2]	Development and Interim Committees' request Fund-Bank collaboration to resolve external debt problems of heavily indebted, poor countries.	Provide debt relief to eligible countries that adopt adjustment programs supported by Fund and Bank.
16.	1997	Joint Board Paper on Bank-Fund Collaboration in Strengthening Financial Sectors (R97-191). Joint Note on Bank-Fund Collaboration in Financial Sector Issues (SecM98-181). Joint Statement by the President of the World Bank and the Managing Director of the IMF on Collaboration in Strengthening Financial Sectors; Bank Doc. Sec MG7; EBD/97/46.	Growing concern about weak financial sectors, ahead of the Asian crisis.	Clarifies division of responsibilities and procedures for collaboration in financial sector activities.
17.	1998	Review of Bank-Fund Collaboration in Strengthening Financial Systems.	Boards of two institutions request review ahead of 1998 Annual Meetings.	Reviews progress of Bank-Fund collaboration in financial sector work since August 1997.
18.	1998	Joint Memorandum, Report of the Managing Director and the President on Bank-Fund Collaboration, SM/98/226 and SECM98-773.	New areas of overlapping responsibilities such as governance, trade policy, and debt, requires additional collaborative efforts.	Reaffirms Concordat and proposes additional actions. Highlights Bank and Fund programs should be complementary.
19.	1999	Note on Bank/Fund Collaboration in Public Expenditure Work, SM/99/16.	Background for World Bank Committee on Development Effectiveness (CODE) discussion of Bank's OED evaluation of public expenditure reviews.	Review of 1995 joint guidance note on public expenditure work.

	Year	Document/Event	Trigger	Objective
20.	1999	Note on IMF-World Bank Financial Sector Assessment Program (FSAP), SM/99/116.	Asian financial crisis raises importance of strengthening countries' financial systems.	Create more effective dialogue with authorities to reduce financial sector vulnerability. FLSC created as mechanism for cooperation.
21.	1999	Building Poverty Reduction Strategies in Developing Countries, DC/99-29.	Greater focus on poverty reduction as major goal of sustainable development.	Sets out government strategy for generating growth and reducing poverty. Bank and Fund staff provide Joint Staff Assessment
22.	2000	Joint Statement by James Wolfensohn, WBG, and Horst Kohler, IMF, The IMF and World Bank Group: An Enhanced Partnership for Sustainable Growth and Poverty Reduction, SecM2000-536.	More focus on global poverty, as well as financial stability, and sustainable growth.	The institutions should focus on core tasks, while working in complementary fashion where responsibilities overlap. Emphasizes national ownership of programs, need to streamline conditionality.
23.	2001	Joint paper, Strengthening IMF-World Bank Collaboration on Country Programs and Conditionality, and staff guidance note, SECM2001-0461/1, and SM/01/219.	Operationalizes the September 2000 joint statement with framework.	Leads to revision in Fund's conditionality guidelines, aimed in part at establishing clearer division of labor between Fund, Bank, and other IOs. Recommends "lead agency" model for specific policy issues.
24.	2002	Guidance note, Operationalization Bank-Fund Collaboration in Country Programs and Conditionality	Operationalizes August 2001 joint paper.	Stresses division of labor based on lead agency, early coordination, information sharing, transparency.
25.	2002	Joint paper, Strengthening IMF-World Bank Collaboration on Country Programs and Conditionality, Progress Report, SM/02/271.	Increased scrutiny of Fund and Bank Conditionality and of Fund work in low-income countries.	Revises Fund guidelines on conditionality, including clearer division of labor with Bank and other IOs.
26.	2003	Joint paper, Bank/Fund Collaboration on Public Expenditure Issues.	Following Monterrey Consensus, Development Committee asks Bank and Fund to improve quality of public expenditure.	Proposes framework to support countries and promote more effective collaboration.
27.	2004	Joint paper, Strengthening IMF-World Bank Collaboration on Country Programs and Conditionality—Progress Report, SM/04/57.	Another update of the September 2000 joint statement, bringing in views of national authorities.	Calls for more consistent implementation of division of labor and better coordination with authorities. Proposes strengthening Joint Implementation committee to address cross-cutting issues of Bank-Fund collaboration, monitor progress.
28.	2004	Joint paper, Debt Sustainability in Low-Income Countries: Proposal for an Operational Framework and Policy Implications, SM/04/27.[3]	Driven by both Executive Boards to support member efforts to achieve MDGs without increasing debt problems.	Guide low income countries' borrowing decisions and official creditors and donors.

	Year	Document/Event	Trigger	Objective
29.	2007	Enhancing Collaboration: Joint Management Action Plan (JMAP).	Follow-up to Malan Committee Report.	Suggests country level, financial sector, fiscal sector actions.
30.	2010	Implementation of the Joint management Action Plan on Bank-Fund Collaboration, SM/10/54.	Assesses implementation of JMAP.	Assessment and suggestions on actions to move JMAP and collaboration forward.

[1] The Bank paper was considered by the Bank's Board on May 29, 1986; the Fund staff paper was parallel and was part of the Fund Board discussion on March 24, 1986.
[2] Evolves into Enhanced HIPC in 2000, supplemented by Multilateral Debt Relief Initiative (MDRI) in 2005.
[3] This paper was followed by another in 2004 and one in 2005 that responded to outstanding concerns to make the framework operational. See "Debt Sustainability in Low-Income Countries—Further Consideration on an Operational Framework and Policy Implications," SM/04/318 and IDA/SecM2004-0629/1 and "Operational Framework for Debt Sustainability Assessments in Low-Income countries—Further Considerations," SM/05/109.

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