

IMF COLLABORATION WITH THE WORLD BANK ON MACRO-STRUCTURAL ISSUES



In November 2020, the Executive Board discussed the IEO's evaluation of *IMF Collaboration with the World Bank on Macro-Structural Issues*. This evaluation focused on Bank-Fund

collaboration in the context of recent IMF pilot initiatives to enhance coverage of inequality, gender, energy/climate, and macro-structural reform in Article IV surveillance.

The evaluation found that: collaboration on these issues was broad but uneven; initial aspirations that the Fund would be able to systematically leverage Bank expertise proved over-optimistic; there were few examples of in-depth collaboration; and there were cases of mixed messages and failures to identify and exploit synergies.

The report suggested that the unevenness of Bank-Fund collaboration reflected a number of factors, including a cultural tendency towards self-reliance at the Fund, the challenges of working with another large institution (including aligning goals and timetables and finding access to the right people and information), and limited consideration of the gains for Bank staff to collaborate with the Fund in policy areas where they had already established considerable presence. Collaboration has been most effective in policy areas like debt and finance where there has been agreement on well-defined roles and tailored frameworks for working together.

It is clear from the evaluation that while collaboration can bring significant benefits to the quality and influence of Fund work, it is also difficult. Collaboration requires planning and concerted effort to be effective; it is not a panacea for extending the Fund's ability to cover a widening range of issues at a time when resources are under strain.

The report made four broad recommendations to encourage a more strategic approach to ensure more effective collaboration work:

- ▶ Develop and agree with the World Bank on concrete frameworks for collaboration on those issues where Fund and Bank roles are complementary and where collaboration is judged to bring the greatest strategic returns.
- ▶ Seek to improve internal incentives for staff to collaborate with external partners.
- ▶ Improve access to and exchange of information and knowledge across the Fund and the Bank.
- ▶ Strengthen the Executive Board's strategic role in facilitating and supporting external collaboration.

In discussing the report, Executive Directors emphasized the importance of ensuring effective collaboration as the Fund increasingly engages on a broad range of policy issues including those related to fostering a robust global economic recovery from the pandemic, and joined the Managing Director in broadly supporting the recommendations. Many Directors underscored that work on climate issues would be a strong candidate to develop a more tailored collaboration framework between the Fund and the Bank. Many Directors supported creating a high-level joint Fund-Bank committee to focus on longer-term strategic issues and help institutionalize collaboration. IMF management will work with staff to propose a follow-up implementation plan in coming months.



Outreach event for the evaluation of *IMF Collaboration with the World Bank on Macro-Structural Issues*.

MESSAGE FROM THE DIRECTOR



Operating in virtual mode, the IEO has worked hard to fulfill its evaluation function as the Fund sustained its efforts to meet the huge challenges of the

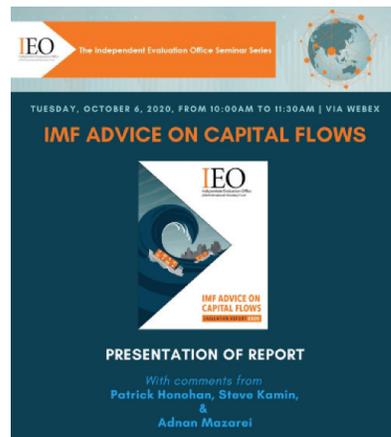
COVID-19 pandemic. While there have been some delays in presenting evaluations to the Board and in follow-up due to the heavy operational work pressures on the institution, there has been a welcome Fund-wide commitment to the IEO as a core component of the IMF's governance structure during a particularly difficult period. Since the 2020 Annual Meetings, the delayed evaluation of *IMF Collaboration with the World Bank on Macro-Structural Issues* was discussed at the Board. Considerable progress has been made on three ongoing evaluations on growth and adjustment in IMF-supported programs, engagement in small developing states and IMF capacity development. In addition, following broad consultations on possible future topics for IEO evaluation, a new evaluation on the IMF Emergency Response to the Pandemic has just been launched—to provide early evidence in an area identified as a top priority by the Board, civil society, and external experts. Finally, the IEO has stepped up its outreach work using opportunities created by increasing comfort with virtual seminars and social media.

IEO@20 CONFERENCE

The IEO is planning a conference to mark the 20th anniversary of the opening of the IEO in 2001, tentatively scheduled for the end of this year, a successor to a 10th anniversary conference in 2011. The conference will provide the opportunity to recognize how the IEO has impacted the IMF's work over the past ten years, to draw lessons from the experience with IEO evaluations, and to consider the challenges to independent evaluation at the IMF going forward.

CONNECTING VIRTUALLY

The IEO has continued to adapt to the pandemic by finding more effective ways to engage stakeholders at a time when physical travel is curtailed. A new virtual seminar series launched last summer has attracted widespread participation inside and outside the Fund and provided a venue for discussion on issues relevant to current and potential future evaluations, and to bring attention to new ideas and analysis. Virtual events have also enabled the IEO to reach a wider audience for the findings and recommendations of its completed evaluations, as we held a number of events involving outside speakers as well as IEO staff on the two recently completed evaluations of *IMF Advice on Capital Flows* and *IMF Collaboration with the World Bank on Macro-Structural Issues*. Details about past and future events can be found on the IEO's new Linked-In page, which has also helped to raise the IEO's profile in social media.



IEO presentation of the evaluation of *IMF Advice on Capital Flows*.

ON THE HORIZON - IEO'S WORK PROGRAM

The IEO is now at work on four evaluations. Link to IEO work program: <https://ieo.imf.org/en/our-work/work-program>. It expects to complete an evaluation of growth and adjustment in IMF-supported programs over the summer; this evaluation will assess how well IMF programs supported growth while achieving adjustment objectives over 2008-2019. Two other evaluations are well underway: an evaluation of the Fund's engagement with small developing states which should be completed in the winter months, and an evaluation of IMF capacity development work to be completed by summer 2022. These latter evaluations will provide some evidence on how the Fund adapted to the challenges posed by the COVID-19 pandemic during its initial phase. Link to Issues Papers: <https://ieo.imf.org/en/our-work/Evaluations>

After broad consultation on a menu of possible topics for future evaluations, a new evaluation of the IMF's emergency response to the COVID-19 pandemic more broadly has just been launched and an issues paper is now being prepared. This evaluation will be the first part of a two-stage process for evaluating the IMF's response to the pandemic. The follow-up to be prepared at a later stage will provide a more comprehensive assessment of the Fund's response to the pandemic, including during the stabilization and recovery phases.

GAINING TRACTION - FOLLOW UP ON PAST EVALUATIONS

Despite the work pressures from responding to the pandemic, the Fund staff has continued to make progress in following through with agreed management implementation plans (MIPs) in response to past evaluations, including to strengthen work on fragile states, build capacity for more effective financial surveillance, and deepen analysis of monetary policy issues. While there have been some delays in the evaluation follow-up process, staff are now committed to catching up by the end of this year. The MIP in response to the Board-endorsed recommendations from the IEO's evaluation of *IMF Advice on Capital Flows* is expected to be completed soon after the Spring Meetings and the MIP on Bank-Fund Collaboration over the summer. The annual Periodic Monitoring Report prepared by the Office of Internal Audit assessing progress with implementation of past MIPs is due to be presented to the Board in September and the reformulated MIPs to address off-track actions identified in the 2019 report on Categorization of Open Actions should be completed by year end.



CNBC event on foreign capital and India with Prakash Loungani, IEO Assistant Director.



Selected IEO seminar series events.

ABOUT THE IEO

The Independent Evaluation Office (IEO) was established in 2001 to conduct independent and objective evaluations of IMF policies and activities. Under its Terms of Reference, the IEO is fully independent from the management of the IMF and operates at arm's length from the Executive Board. The IEO's mission is to enhance the learning culture within the Fund, strengthen the IMF's external credibility, and support the Executive Board's institutional governance and oversight responsibilities.