

THE ACTING CHAIR'S SUMMING UP

INDEPENDENT EVALUATION OFFICE—THE IMF AND SOCIAL PROTECTION

EXECUTIVE BOARD MEETING 17/64

JULY 19, 2017

Executive Directors welcomed the report by the Independent Evaluation Office (IEO) on the IMF and Social Protection. Directors stressed that social protection can be macro-critical, meriting Fund engagement in surveillance, programs, and technical assistance. They welcomed that the Fund has broadened and deepened its engagement in social protection issues in recent years, in response to the needs of the membership. At the same time, they recognized scope for further progress. Against this backdrop, Directors agreed with the need to refine the Fund's approach to social protection and noted the Managing Director's support for the IEO recommendations. Directors underscored the need to be mindful of the Fund's mandate to engage only in macro-critical areas while bearing in mind its resource constraints and comparative expertise in implementing these recommendations.

Directors supported Recommendation 1 to establish a clear strategic framework to guide Fund involvement in social protection. This framework could be set out in a Board-approved staff paper ("institutional view") which delineates the scope, objectives, and boundaries of the Fund engagement in social protection to foster a consistent, evenhanded treatment of social protection issues across the membership. In addition, the Board-approved staff paper could provide guidance for implementation of Recommendations 2 to 5. Consideration will be given to what extent existing guidance notes should be amended accordingly or a new guidance note should be formulated.

Directors broadly agreed with Recommendation 2 on the need to tailor advice to the member countries' circumstances. They underlined the importance of drawing on work by development partners or country authorities where available. Many Directors considered that the Fund may need to undertake in-house analysis where such work is absent, while a few Directors cautioned about resource constraints and cost-effectiveness.

Directors supported Recommendation 3 on the need to find an effective approach to program design and conditionality to mitigate the adverse impacts of program measures on the most vulnerable. They called for comprehensive guidance to staff in Fund-supported programs across the membership, including those using GRA resources.

Directors supported Recommendation 4 to realistically explain in external communications the Fund's approach to social protection issues. They noted that clarity about the Fund's involvement in social protection will help to sharpen external communications and avoid reputational risk to the Fund.

Directors strongly supported Recommendation 5 to engage actively and collaborate constructively with development partners and other IFIs, including the World Bank, to better leverage their expertise in social protection issues, which may become challenging going forward as the approach of these institutions to social protection evolves.

In line with established practices, management and staff will give careful consideration to today's discussion in formulating the implementation plan, including approaches to monitor progress.