

IMF Publication

**Thirteenth Periodic Monitoring
Report on The Status of
Management Implementation Plans
in Response to Board-Endorsed IEO
Recommendations**

INTERNATIONAL MONETARY FUND



IMF POLICY PAPER

THIRTEENTH PERIODIC MONITORING REPORT ON THE STATUS OF MANAGEMENT IMPLEMENTATION PLANS IN RESPONSE TO BOARD-ENDORSED IEO RECOMMENDATIONS

December 2023

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- The **Staff Report**, prepared by IMF staff and completed on October 31, 2023 for the Executive Board's consideration on November 27, 2023.
- A **Proposed Decision** that was approved by the Executive Board on November 27, 2022.

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International Monetary Fund
Washington, D.C.



IMF Executive Board Concludes the Thirteenth Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-Endorsed IEO Recommendations

FOR IMMEDIATE RELEASE

Washington, DC – December 8, 2023: *The Executive Board of the International Monetary Fund (IMF) concluded the Thirteenth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations.*

Since being instituted in January 2007, the PMR has been reporting on the status of implementation of Board-endorsed IEO recommendations. The Thirteenth PMR assessed the progress made over the past year on 95 actions contained in 11 MIPs. These include two new MIPs issued in response to IEO evaluations issued after [the Twelfth PMR](#).

The Thirteenth PMR concluded that further progress has been made, since the last PMR, with the implementation of management actions despite intense competing work pressures. The pace of implementation observed in the Thirteenth PMR, with the closure of 23 actions, was faster than the average implementation rate achieved prior to the COVID-19 pandemic. Strong progress has been made on actions contained in the MIP in response to the Executive Board-endorsed Categorization of Open Management Actions in Management Implementation Plans. Progress has been somewhat slower in certain actions in response to the IEO evaluations covering IMF Financial Surveillance and Behind the Scenes with Data at the IMF although work is advancing on all these fronts. Further progress has been made in the development of a slippages framework, since the last PMR, through the Board endorsement of the institutional Enterprise Risk Management (ERM) framework, and the deployment of a pilot for the application of the slippages framework.

Executive Board Assessment¹

Executive Directors welcomed the opportunity to discuss the Thirteenth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations. Directors broadly endorsed the assessment contained in the PMR.

Directors appreciated the further progress made in the implementation of management actions since the last PMR, which they noted was above the pre-pandemic average but slower relative to the previous PMR. Directors recognized that several factors contributed to this slower implementation, including: the backdrop of intense competing work pressures; a concentration on actions of a more operational nature; the relatively high implementation rate recorded in the period covered by the Twelfth PMR; that some actions still open entail complex or additional processes; and that many of the management actions envisaged in two new MIPs have target

¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

implementation dates in the future. They also acknowledged that many of the remaining open actions depend on the implementation of some important reviews/key steps that are expected to be completed in or soon after December 2023.

Directors noted that of the 72 actions that remain open after this Thirteenth PMR, 13 actions are more than one year—a number of which are several years—past their target implementation dates. They therefore urged for continued prioritization and faster progress in a range of areas, including those relating to the financial sector workforce analysis and talent inventory, data items, social protection, and small developing states (SDS). Directors supported the modified definition of overdue actions, starting from the Fourteenth PMR, to include all actions that are not completed by the originally agreed-upon implementation due dates.

Directors welcomed the progress made in developing a slippages framework since the last PMR. They took note of the experience to date from the use of the MIP on the “IMF’s Emergency Response to the COVID-19 Pandemic” as a pilot and that a recommendation to move forward with the slippages framework on a more permanent basis will be issued following the full implementation of the pilot MIP.



October 31, 2023

THIRTEENTH PERIODIC MONITORING REPORT ON THE STATUS OF MANAGEMENT IMPLEMENTATION PLANS IN RESPONSE TO BOARD-ENDORSED IEO RECOMMENDATIONS

EXECUTIVE SUMMARY

The Thirteenth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations assesses the progress made over the past year on 95 actions contained in 11 MIPs.

Notwithstanding the lingering effects of the COVID-19 pandemic, the impact of the war in Ukraine, and other important global challenges, which continue to place a heavy burden on the Fund's workload, further progress has been made since the last PMR with the implementation of management actions, although at a slower pace. Overall, of the 95 actions for which implementation progress is assessed in the Thirteenth PMR, 23 actions are deemed to have been satisfactorily implemented, while 72 actions remain open. Despite the continued need to accommodate multiple demands from the membership, the pace of implementation in the Thirteenth PMR, although slower than the 39 actions closed in the previous PMR, was faster than the average of about 15 implemented actions a year registered before 2020.

Following the implementation of several actions and key steps of a strategic nature in 2022 that had been delayed because of the reprioritization of activities due to the pandemic, progress since the completion of the Twelfth PMR has concentrated mainly on actions of a more operational nature. Other factors contributing to the slower implementation observed last year included the relatively high implementation rate recorded in the period covered by the Twelfth PMR (related in part to the "normalization" experienced after the pandemic) and the fact that some actions still open entail complex or additional processes that are taking longer than originally anticipated. In addition, it is important to note that many of the management actions envisaged in two new MIPs on *The IMF and Capacity Development* and *IMF Engagement with Small Developing States* (which contain 46 of the 95 actions assessed in this PMR) remain open because they have target implementation dates in the future.

Overall, progress has been made since the Twelfth PMR on actions in response to eight IEO evaluations, with the pace of implementation being faster on actions

contained in the MIP in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans. It is also worth mentioning that many open actions depend on the implementation of some important reviews/key steps that are expected to be completed in or soon after December 2023, such as the Capacity Development (CD) Strategy Review, the issuance of a new CD Guidance Note, an update of the Small Developing States Staff Guidance Note (SDS-SGN), the Operational Guidance Note (OGN) on Program Design and Conditionality, and a Board paper on Bank-Fund collaboration.

Of the 72 actions that remain open after this Thirteenth PMR, 13 actions are more than one year past their target implementation dates; these actions continue to progress, although at varying paces. Although work on some critical areas relating to the talent inventory has been completed, progress has been slow in other areas, including on expanding the identification of macrofinancial skills. As noted in the Twelfth PMR, work in these areas remains incomplete due to workload and bandwidth issues associated with the implementation of several other initiatives being faced by HRD, such as the hiring related to the structural budget augmentation, 1HR/HR Modernization related activities, and ongoing work on the HR aspects of the CD strategy review. On the statistical front, the update of statistical manuals has advanced further and is expected to be finalized by CY25; work on unifying area department data management guidelines has also advanced; and a plan to further clarify the distinction between “official statistics” and data used by area and functional departments in surveillance activities awaits the issuance of the Data Provision to the Fund for Surveillance Purposes (DPF) Guidance Note, which has taken longer than expected because of delays in completing the DPF review. In addition, a follow-up SPR/FAD guidance note to assist with the implementation of the social spending strategy has been delayed due to the reprioritization of activities in the context of the pandemic and should be completed by end-FY24. Two other actions that were overdue as of the Twelfth PMR, consisting of the issuance of a Guidance Note to support the rollout of the Country Engagement Strategy (CES) and the rollout of an upgraded corporate vulnerabilities surveillance tool, have already been completed.

In recent PMRs, OIA focused on those overdue actions that are more than one year past their target implementation dates, with the one-year grace period being allowed in recognition that progress in implementation could be hindered by the reprioritization of activities that took place in the context of the COVID-19 pandemic. With the Fund returning to a post-pandemic normal, the retention of this one-year grace period is no longer deemed necessary. Therefore, starting with the Fourteenth PMR, OIA will modify the definition of overdue actions to also include all actions that are not completed by the originally agreed-upon implementation due dates. As a transitional step towards this more comprehensive approach, this PMR includes an Annex that provides a separate list of those actions which are less than one year past their target implementation dates.

This PMR also describes the progress that has been made recently on the development of a slippages framework. In response to the Executive Board’s call for a framework to assess the impact of slippages in the implementation of open management actions, the Twelfth PMR presented the advances that had been made on the development of a slippages framework and

identified the core guiding principles that could underpin it. At that time, it was noted that the timeline for developing the slippages framework would follow closely that of the broader institutional Enterprise Risk Management (ERM) framework, and that the resource implications would need to be carefully assessed. Since then, progress has been made through the Board endorsement of the institutional ERM framework, and use of the recent MIP on *the IMF's Emergency Response to the COVID-19 Pandemic* as a pilot for the application of a slippages framework.

The slower pace of implementation recorded in this PMR should be considered against the backdrop of intense competing work pressures and the need for greater Board engagement.

Looking ahead, prioritization of implementation efforts will be particularly key especially in the current environment of already elevated workloads.

Approved By
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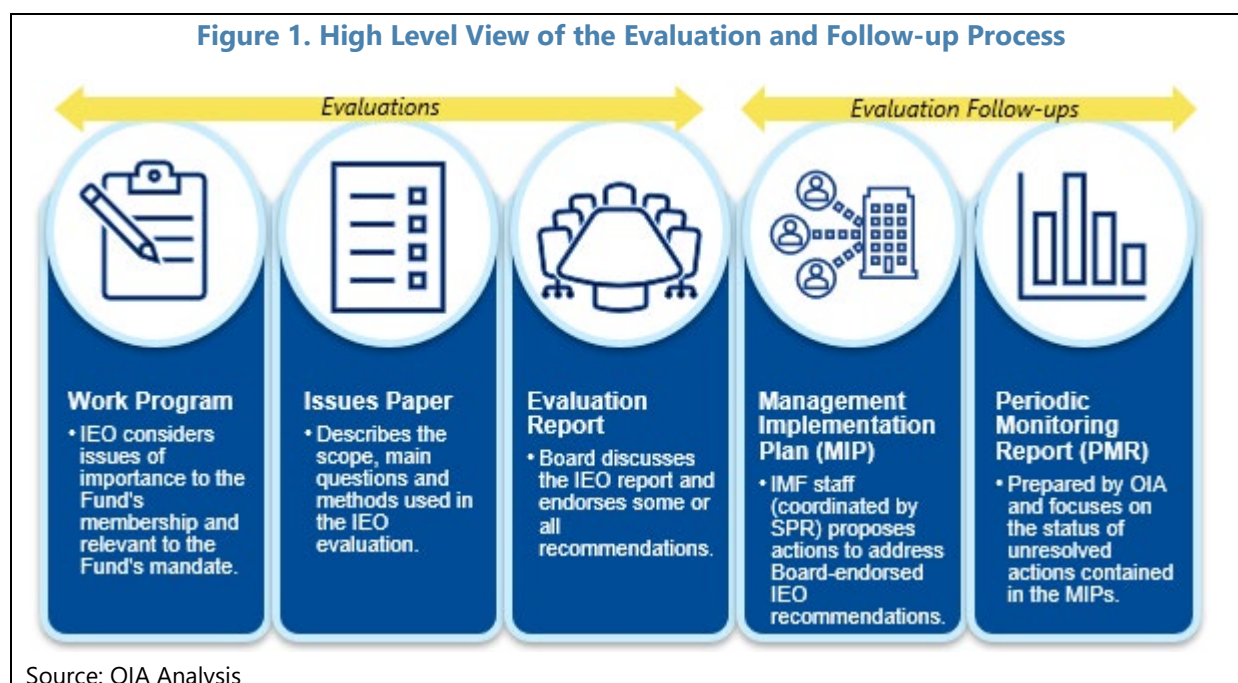
Glossary

AD	Area Department
FD	Functional Department
CES	Country Engagement Strategy
CFMs	Capital Flow Management measures
CMAP	Climate Macroeconomic Assessment Program
CSI	Common Surveillance Indicators
CSR	Comprehensive Surveillance Review
CVU	Corporate Vulnerability Unit
CD	Capacity Development
CDSR	Capacity Development Strategy Review
CDMAP	Capacity Development Management and Administration Program
CSD	Common Surveillance Database
DGG	Data Governance Group
DIGNAD	Debt, Investment, Growth, and Natural Disasters
DPF	Data Provision to the Fund for Surveillance Purposes
DSI	Data Standards Initiative
eGDDS	enhanced General Data Dissemination System
EBV	Enterprise Business Vocabularies
ERM	Enterprise Risk Management
ERP	IEO Evaluation on the IMF's Emergency Response to the Covid-19 Pandemic
FM	Fungible Macroeconomist
FTEs	Full Time Equivalents
GaR	Growth-at-risk

IEO	Independent Evaluation Office
IV	Institutional View
LICs	Low Income Countries
MIPs	Management Implementation Plans
MPMS	Macroprudential Policy Measures
NGFS	Network for Greening the Financial System
OGN	Operational Guidance Note
OECD	Organization for Economic Co-Operation and Development
PMR	Periodic Monitoring Report
RCDCs	Regional Capacity Development Centers
RTACs	Regional Technical Assistance Centers
RST	Resilience and Sustainability Trust
RBM	Results-based Management
SDS	Small Developing States
SDS-SGN	Small Developing States Staff Guidance Note
SDS-WG	Small Developing States Working Group
SDDS	Special Data Dissemination Standard
SGN	Surveillance Guidance Note
SIA	Statistical Issues Appendix
SSN	Social Safety Nets
SSWG	Board's Small States Working Group
UMP	Unconventional Monetary Policy
URRs	Under-Represented Regions
WFP	Workforce Planning

OVERVIEW

1. In January 2007, the Executive Board instituted the *Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations to report on the state of implementation of Board-endorsed IEO recommendations*. Following the Executive Board's discussion of an IEO evaluation, Management and staff (SPR, in collaboration with other departments) prepare a MIP for all the recommendations endorsed by the Board. Each year, OIA independently assesses the progress of open actions from preceding MIPs and prepares the PMR for Board endorsement.¹ A high level view of the evaluation and follow-up process is presented in Figure 1 below.



2. In July 2018, the Third External Evaluation of the IEO called on the Executive Board to make decisions to comprehensively address a backlog of open management actions in response to Board-endorsed IEO recommendations facing implementation challenges.² In response to that recommendation, in March 2019 the Board endorsed an OIA-proposed framework to comprehensively address this backlog.³ The framework ("triage framework") set the parameters for dividing the stock of open actions into five categories based on the root cause of the lack of progress on implementation and provided guidance on how to design remedial actions. The first

¹ OIA assumed responsibility for preparing the PMR from SPR in February 2014.

² Kaberuka, Donald, C. Der Jiun and P. Meyerson, "Time for a Reboot at a Critical Time for Multilateralism—The Third External Evaluation of the IEO", July 2018. <http://www.ieo-imf.org/ieo/pages/ExternalEvaluation.aspx>.

³ International Monetary Fund, Office of Internal Audit (OIA), "A Framework to Address Open Management Actions in Response to Board-Endorsed IEO Recommendations", March 2019.

category included actions that were open with no obvious challenges and would continue to be monitored in the PMR. Regarding the other four categories, the framework proposed that actions in two categories be reformulated, actions in another category could be retired from PMR monitoring after five reporting cycles, and those in the remaining category would be retired immediately from PMR monitoring.

3. In December 2019, concurrently with the Tenth PMR, staff issued a paper on the Categorization of Open Actions in Management Implementation Plans (“Categorization Paper”), based on the framework endorsed by the Board in March 2019.⁴ The Categorization Paper placed 24 actions assessed as “off-track actions” in the Tenth PMR into the categories under the triage framework. Out of these 24 actions, eight were reformulated in March 2022 through the MIP on *The Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans* and would continue to benefit from follow-up through subsequent PMRs. One action (on gender and diversity) was extended for an additional five PMR monitoring cycles, while the remaining actions were retired from PMR monitoring with the view that they would be addressed through other institutional workstreams already subject to Board oversight. In February 2020, the Executive Board endorsed the assessment contained in the Tenth PMR and the Categorization Paper.

4. In November 2022, the Executive Board approved the Twelfth PMR, which covered 10 MIPs containing 88 actions. Overall, 39 of the 88 actions for which implementation progress was assessed were deemed to have been satisfactorily implemented, while 49 remained open. During the Board discussion, Directors welcomed the significant progress achieved in the implementation of management actions since the previous PMR, with a faster pace of implementation despite continued challenges associated with the COVID-19 pandemic and the new shock from Russia’s war in Ukraine and its spillover effects. Directors also appreciated that several of the actions implemented over the previous year were of a strategic nature and included the completion of important reviews and key steps to address pending issues that had been delayed because of the reprioritization of activities due to the pandemic.⁵ Notwithstanding the overall positive assessment, Directors urged faster progress in actions relating to the financial sector workforce analysis and talent inventory, as well as other pending actions on social protection, data initiatives, adequate mission chief tenure and handover, the Fund’s work with fragile states, advice on capital flows, greater diversity and inclusion, and collaboration with the World Bank. Given ongoing pressures from competing work priorities and resource constraints, Directors stressed the need for continued

⁴ *Categorization of Open Actions in Management Implementation Plans*, SM/19/282, December 20, 2019. The paper was prepared by SPR in consultation with OIA and accountable departments.

⁵ Specifically, the main reviews and steps implemented in the period covered by the Twelfth PMR included: (i) completion of the Review of the Institutional View on the Liberalization and Management of Capital Flows; (ii) consideration by the Executive Board of the review of Data Provision to the Fund for Surveillance Purposes; (iii) completion of the Tenth Review of IMF’s Data Standards Initiatives; (iv) completion of the IMF Strategy for Fragile and Conflict-Affected States; (v) publication of an updated Guidance Note for Surveillance under Article IV Consultations; (vi) publication of a Guidance Note on Information Sharing between IMF and World Bank staff; and (vii) endorsement by the Board of the Budget Augmentation Framework and the FY2023-2025 Medium-Term Budget.

management engagement, as well as focus and vigilance by accountable departments to maintain and build on the momentum achieved.

5. The Thirteenth PMR covers 11 MIPs containing 95 actions: two new MIPs in response to recent IEO evaluations issued after the Twelfth PMR (containing 46 actions); another 8 MIPs in response to older evaluations (containing 34 actions that were classified as open after the Twelfth PMR); and the MIP that in March 2022 reformulated eight off-tracked actions (containing 15 open actions after the Twelfth PMR).⁶ Specifically, the eleven MIPs being considered in the Thirteenth PMR are those arising from the following evaluations: (i) *The IMF and Capacity Development (new, 2022)*; (ii) *IMF Engagement with Small Developing States (new, 2022)*; (iii) *Growth and Adjustment in IMF-Supported Programs (2021)*; (iv) *IMF Collaboration with the World Bank on Macro-Structural Issues (2020)*; (v) *IMF Advice on Capital Flows (2020)*; (vi) *IMF Financial Surveillance (2019)*; (vii) *The IMF and Fragile States (2018)*; (viii) *The IMF and Social Protection (2017)*; (ix) *Behind the Scenes with Data at the IMF (2016)*; (x) *The Role of the Fund as Trusted Advisor (2013)*; and (xi) *Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (the “reformulation” MIP, 2022)*.⁷ The MIP corresponding to IEO’s evaluation on *IMF Advice on Unconventional Monetary Policies (2019)* has been retired from PMR monitoring as all the remaining actions in that MIP were completed in the Twelfth PMR.

6. To prepare the Thirteenth PMR, OIA held meetings with senior staff from the IEO, SPR, and the departments that have accountability for implementing the open management actions.⁸ The report relies on staff reports to the Executive Board and Management, research papers, official memoranda, as well as other information and documents obtained in the meetings with these senior staff. As many of the management actions envisaged in the MIPs are qualitative in nature, the assessment of their implementation necessarily involves a degree of judgment.

7. Overall, in OIA’s assessment, of the 95 actions for which implementation progress is being assessed in the Thirteenth PMR, 23, including 2 reported as overdue in the 12th PMR, have been satisfactorily implemented, while 72 remain open. The Thirteenth PMR is being presented in the context of the lingering effects of the COVID-19 pandemic, the ongoing impact of the war in Ukraine and its spillover effects, and other important global challenges faced by the membership, which have caused the Fund to reprioritize activities in order to rapidly respond to the multiple needs of its members.⁹ Notwithstanding these factors, with 23 actions closed, the pace of implementation in the Thirteenth PMR, although slower than that observed in the Twelfth PMR, was

⁶ The reformulation of the 8 off-track actions resulted in 22 new actions, of which 15 remained open after the Twelfth PMR.

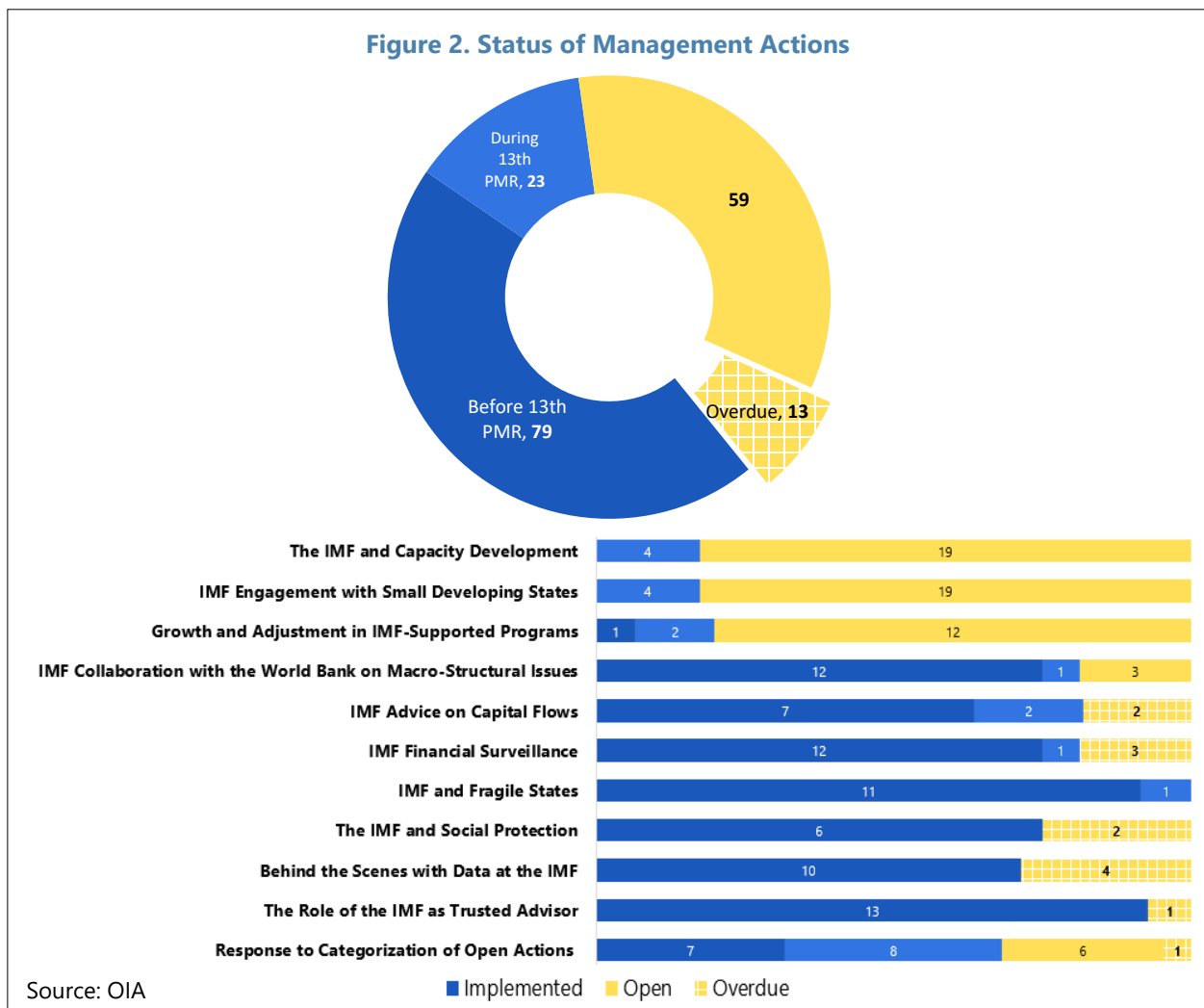
⁷ This PMR does not include the completed evaluation on *“The IMF’s Emergency Response to the COVID-19 Pandemic”*. The MIP associated with this evaluation was finalized in September 2023.

⁸ These include: COM, FAD, HRD, ICD, MCM, RES, STA, KMU, and others.

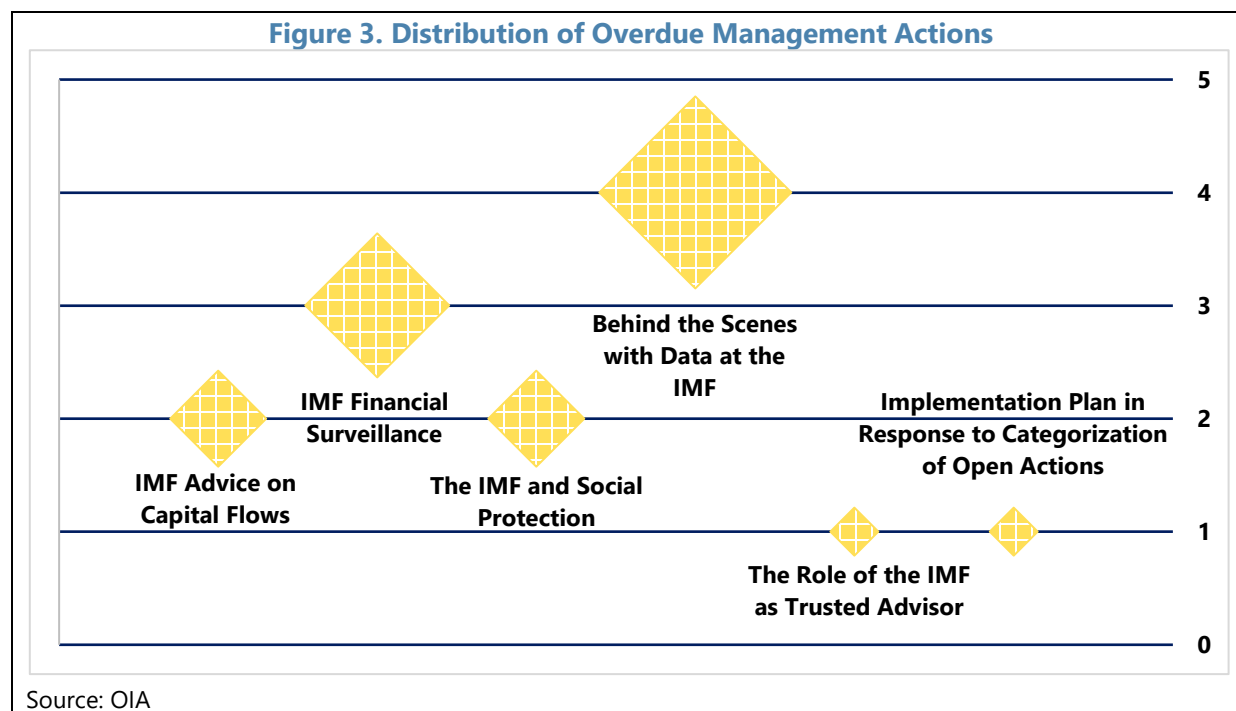
⁹ Main global challenges faced by policymakers include reducing inflation durably, safeguarding financial stability and fiscal sustainability, and bolstering medium-term growth prospects, while protecting vulnerable parts of countries’ populations.

faster than the trend of 15 implemented actions a year recorded, on average, in the years before 2020. It should be noted that 38 of the 46 actions envisaged in the new MIPs on *The IMF and Capacity Development* and *The IMF and Small Developing States* remain open because they are targeted to be implemented in or after December 2023. It is also worth mentioning that many open actions depend on the implementation of some important reviews/key steps that are expected to be completed in or after December 2023, such as the Capacity Development Strategy Review (CDSR), the issuance of a new CD Guidance Note, an update of the SDS-SGN, the Operational Guidance Note (OGN) on Program Design and Conditionality, and a Board paper on Bank-Fund collaboration.

8. Following the implementation of several actions of a strategic nature in 2022 that had been delayed because of the reprioritization of activities due to the COVID-19 pandemic, progress since the completion of the Twelfth PMR has seemingly been on actions of a more tactical nature. Overall, progress has been made since the Twelfth PMR on actions contained in eight IEO evaluations, with implementation being faster on the actions envisaged in the MIP in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (the “reformulation” MIP). Figure 2 below summarizes the current status of management actions.



9. Of the 72 actions that remain open after this PMR, 13 actions are more than one year past their target implementation dates. Relevant departments continued to make progress on these actions, although at varying paces. These 13 actions are contained in 6 MIPs, as shown in Figure 3 below.



10. Among these 13 overdue actions, progress has been slow, in particular, on the completion of a comprehensive workforce analysis supported by an enhanced talent inventory, which is part of the MIPs in response to the IEO evaluation on IMF Financial Surveillance and the evaluation on The IMF and Capacity Development. This is due, in part, to other competing priorities being faced by HRD, including the hiring related to the budget augmentation process, 1HR/HR Modernization-related activities, and ongoing work on the HR aspects of the CD strategy review. Efforts continue on expanding the identification of financial expertise in the Fund based on skills and experiences, which would allow for a more comprehensive definition than the narrower approach that mainly focused on financial experts in MCM. Based on the progress made so far, the identification of macrofinancial expertise is expected to be finalized by the end of FY24. Similarly, the workforce analysis exercise for the entire Fund, which was to be undertaken as part of the new HR strategy, also remains overdue. Regarding the LIC-FCS requirements for promotion to A15, the eligibility of all A13 and A14 fungible macroeconomists has been assessed and communicated to all economists in these grades, and the related policy and requirements are now operational. The results obtained so far from these exercises show that the information provided by staff in Workday is helpful, though it often requires follow-up to ensure clarity and improved accuracy. The data are also complemented by travel data and data on assignments, and individual cases where there are ambiguities are discussed and validated by a committee.

11. Two open actions in response to the IEO evaluation on *The IMF and Social Protection* remain overdue, but nevertheless are progressing. As noted in the Twelfth PMR, a Guidance Note to assist with the implementation of the Strategy for IMF Engagement on Social Spending, which was already running behind schedule, was further delayed by the COVID-19 pandemic. Staff has continued to work on four sectoral background notes (three of which have been finalized) that are expected to form the basis of a consolidated guidance note to be completed by end-FY24. The second overdue action relates to the formation of an advisory group to support country teams with the implementation of the Guidance Note. In this regard, staff plans to leverage the existing Inequality Advisory Group to monitor and report on progress, including on social spending and social inclusion issues, by broadening the scope of the Group’s terms of reference.

12. Regarding the MIP in response to the IEO evaluation on *Behind the Scenes with Data at the IMF*, four actions remain overdue but nevertheless continue to make progress. In particular, the preparation of revised Statistical Manuals to provide international methodological guidance, including for LICs, is expected to be completed in the Spring of 2025. At the same time, progress continues on the unification of area department data management guidelines, a medium-term goal, which is likely to require until late FY24. In addition, a plan for further clarifying data sources in Fund publications has been developed but is pending operationalization through the DPF Guidance Note, which is expected to be finalized following the completion of the DPF review.

13. In respect of the MIP in response to the IEO evaluation on *The Role of the Fund as Trusted Advisor*, work continues on diversity and inclusion. In February 2020, the action to implement measures to raise the share of nationals from underrepresented regions among senior staff and for increasing the representation of women at senior levels was extended for an additional five PMR monitoring cycles, with approval from the Executive Board.¹⁰ Although there has been significant progress against several benchmarks, important challenges remain in this area.

14. A summary of the individual actions that are more than one year past their target implementation dates is presented in Table 1 below. The Table is organized by IEO report date, starting with the most recent report.

Table 1. List of Overdue Actions				
IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA’s Commentary
IMF Advice on Capital Flows	Staff will brief the Executive Board on the interplay between capital flows, CFMs, and crises. - MCM, RES	Q4 CY2021	April 2024	Substantially complete. Due to reprioritization, this Board item has been delayed. The Board presentation is now scheduled for April 2024. The analytical work needed for the

¹⁰ DEC 16656-(20/16), adopted on February 10, 2020.

Table 1. List of Overdue Actions (Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
				presentation has already been published.
IMF Advice on Capital Flows	Staff will publish on the IMF external website indices of capital account openness using the AREAER database. - MCM	Q4 CY2021 and Q4 CY2023	December 2023	Partially complete. Work priorities delayed the completion of this project. Two types of indices are expected to be available: a binary index based on existing capital controls and another index that incorporates changes to controls over time. Both are expected to be published in December 2023.
IMF Financial Surveillance	Brief the Executive Board on the HR strategy, including on the ongoing workforce analysis for financial sector experts. - HRD	Jan-2020	End-FY2024	Partially complete. The Workforce Analysis Note for financial sector experts was completed in FY23. A new database being developed by HRD will allow for further refinements and update of staff with macrofinancial experience. This exercise is expected to be completed by end-FY24. A HR Strategy update was part of the July 2022 presentation to the Board on HR Modernization. Another Board update on the HR strategy is likely to take place in early CY24.
IMF Financial Surveillance	Complete an enhanced talent inventory of staff to include talent profiles for financial sector experts and data on macrofinancial (and other) experiences of fungible macroeconomists. - HRD	Nov-2020	FY2024	Partially complete. Progress over the last year has been limited. HRD has prioritized monitoring of the Career Profiles of A13-14 fungible macroeconomists (including compliance with LIC/FCS service requirements), which has been completed. HRD is analyzing the lessons learned from this exercise as well as

Table 1. List of Overdue Actions (Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
				those from the update of macro financial experiences to expand the approach to fungible economists in other areas.
IMF Financial Surveillance	Publish implementation details of the new HR strategy, which will include strategic workforce planning supported by a talent inventory of staff (with expertise profiles, including macrofinancial), a career mobility framework, and an expert track. - HRD	April 2022	May 2025	Partially complete. Most parts of the HR strategy have already been published, including the Fungible Macroeconomist Career Path and Mobility Framework, the Workforce Planning tool in Adaptive using Workday Data and the user Guide for Workforce Planning, and most of the Workforce Analysis Notes for Specialist Economists. Further publication will take place as the remaining work is completed.
The IMF and Social Protection	Staff will issue a follow-up Guidance Note to support the strategic framework for social protection. This note will address aspects of three of the IEO recommendations. - FAD, SPR	Dec-2019	End-FY2024	Preparatory work underway. Sectoral background papers on pensions, social safety nets, and health spending have been completed and the final background paper on education spending is expected to be finalized by end-FY24. Progress had slowed down due to reprioritization towards urgent pandemic-related activities on social spending.
The IMF and Social Protection	An advisory group will be formed after issuance of the guidance note to provide support to country teams in operationalizing work	After guidance note in 2020	After guidance note by end-FY2024	Preparatory work underway. Following completion of the Guidance Note, a dedicated group within FAD will continue to support country teams on operationalizing work on

Table 1. List of Overdue Actions (Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
	on social protection. - FAD			social spending. Staff also plans to leverage the existing Inequality Advisory Group to monitor and report on progress, including on social spending and social inclusion issues, broadening the scope of the Group's Terms of Reference.
Behind the Scenes with Data at the IMF	The review of Standards and Codes Initiative will aim to strengthen its integration with Fund surveillance and capacity development activities. In this regard, the new Data ROSC will help guide future capacity development and methodological work with member countries to facilitate data provision to the Fund. A revised DPF Guidance Note, following the Review of the DPF, will operationalize the New Assessment of Data Adequacy for Surveillance. - SPR, STA	FY2018	Early 2024	Partially complete. Staff has decided to separate the approval of the new Data Adequacy Assessment (DAA) framework from the DPF with a separate paper for lapse-of-time approval by the Board expected in October 2023. To that end, a technical note for country teams to operationalize the new DAA has already been prepared. The rollout of the new DAA for all Article IV consultations is scheduled for early 2024.
Behind the Scenes with Data at the IMF	STA will engage in a more pro-active and structured consultation with area departments on methodological work to support surveillance priorities for LICs. Enhanced guidance will be	Not indicated	CY2025	Partially complete. Significant progress has been made in updating the Balance of Payment (BOP) and IIP (International Investment Portfolio (IIP) Manual as well as the System of National Accounts, including specific

Table 1. List of Overdue Actions (Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
	provided for compiling data on LICs. STA will be issuing revised Statistical Manuals (a medium-term project) to provide international guidance for the national accounts and the balance of payments, which will include specific considerations for LICs. - STA			considerations for LICs. The process is on track for the release of both updated manuals in the Spring of 2025. Outreach to compilers, including LICs, began in the fall of 2023 to explain the proposed changes. In addition, STA is expanding the training course content to offer courses on measuring the digital economy and compiling macro-relevant environment and climate change statistics.
Behind the Scenes with Data at the IMF	Unify area department data management guidelines. - STA, Area Departments	Not indicated	Late FY2024	Partially complete. Work on unifying area department data management guidelines is a continuous activity under the aegis of the Data Governance Group (DGG). The DGG has agreed to break down the activities leading to unification as a multi-year objective, with substantive front-loaded milestones. A core metadata model, which constitutes the reference model for iData, has been finalized. For FY24, the work program comprises new activities to improve data management practices. The objective is to use the metadata model in iData for internal and external dissemination by late FY24.
Behind the Scenes with Data at the IMF	Building on the implementation of the previous recommendation, a plan will be developed to clarify the distinction between	Sep-2017	FY2024	Partially complete. The completion of the DPF Review will anchor the production of the DPF Guidance Note, which will support the implementation of the new adequacy framework and

Table 1. List of Overdue Actions (Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
	<p>"official statistics" and data used by area and functional departments in surveillance activities. A revised DPF Guidance Note, following the Review of the DPF, will clarify expectations of staff with respect to the sources of data and estimates used by the Fund in surveillance activities.</p> <p>- STA, SPR, LEG</p>			<p>improve the overall strategic coverage of statistical issues, including the identification of official data versus staff estimates. A plan for clarifying data sources has already been drafted.</p>
Implementation Plan in Response to Board-endorsed Categorization of Open Management Actions	<p>Drawing on lessons from the peer-learning event, set area departments' standard procedures for country assignment handover. Disseminate handover procedures on area department website. –</p> <p>KMU, ADs</p>	July 2022	December 2023	<p>Partially complete. A dedicated website on the handover project that contains materials from a peer-learning event has been created on the intranet. Three area departments have already posted appropriate handover practices, while the remaining area departments are in the process of updating them.</p>
The Role of the Fund as Trusted Advisor	<p>Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels.</p> <p>- HRD, with others.</p>	Steps begin in 2013	N/A	<p>Work in progress. Increasing the representation of diverse staff is an ongoing matter. From the time steps to address this action were initiated in 2013, diversity benchmarks were revised upwards two times and many of the previous benchmarks were met. In February 2020, the Board extended monitoring of this action for an additional five PMR cycles. There has been significant progress against a number of benchmarks, which have been</p>


IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
				raised over time, but important challenges remain. HRD continues to provide periodic updates to the Board in the context of the 2025 Diversity and Inclusion benchmarks.



15. Since the Eleventh PMR, OIA has focused on those overdue actions that are more than one year past their target implementation dates, with the one-year grace period being allowed to acknowledge that progress in implementation could have been negatively affected by the reprioritization of activities associated with the COVID-19 pandemic. With the Fund returning to normal operations, there is no need to retain this grace period in the future, as staff should be able to factor in more precisely the time required to implement the actions envisaged in MIPs. Therefore, starting with the Fourteenth PMR, OIA will broaden the definition of overdue actions to include also those that are less than one year past their target implementation due dates. As a transitional step towards this more comprehensive approach, this PMR includes an Annex that provides a separate list of those actions.

16. The Thirteenth PMR comprises three sections. In addition to this Overview, Section II describes in detail the implementation status of management actions, while Section III discusses recent progress on the development of a slippages framework.

SECTION II - IMPLEMENTATION STATUS OF MANAGEMENT ACTIONS

17. This section discusses the progress made in implementing the management actions contained in two MIPs arising from two recent IEO evaluations and nine older MIPs for which individual management actions were classified as “open” in the Twelfth PMR, including the MIP that reformulated eight off-tracked actions in March 2022. The section is organized by evaluation report date, starting with the most recent, except for the “reformulation MIP”, which is discussed at the end. The following key and broad definitions are used throughout the report.

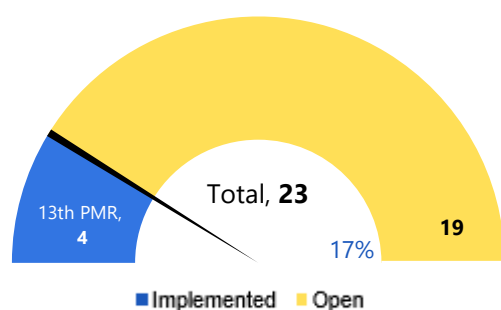
Symbol	Definition
	Implemented. Actions that have been substantially addressed as intended, or another form of disposition has been endorsed by the Board.

	<p>Open. Actions that: (i) are planned with no obvious obstacles or delays; (ii) are ongoing; or (iii) have been implemented in form, but their outcomes are yet to materialize. Includes actions that are less than one-year past their target implementation dates.</p>
	<p>Overdue but progressing. A sub-category of open actions, these are more than one-year past their target implementation date, but nevertheless continue to make progress.</p>

A. The IMF and Capacity Development (2022)

The IEO evaluation examines the full range of issues that influence how effective the IMF has been in meeting the CD needs and expectations of recipient countries, as well as the Fund’s institutional objectives. Overall, the evaluation provides a positive assessment of IMF CD, which has generally been relevant, valued, and effective in supporting member countries build institutional capacity under a wide range of country circumstances. Recipients, donors, and the wider membership all see IMF CD as being of the highest quality in the Fund’s core areas of expertise and are of the view that it has become better tailored to recipient needs in recent years. The evaluation notes that the Fund has also put substantial effort into integrating CD with surveillance and programs. While recognizing these achievements, the evaluation identifies a number of challenges facing IMF CD and makes seven recommendations in broad areas seeking to: (i) enhance CD prioritization; (ii) deepen information available to Executive Directors and opportunities to exercise their strategic oversight role; (iii) further strengthen the integration of CD with surveillance and programs; (iv) boost CD ownership and provide effective delivery; (v) bolster the monitoring and evaluation framework; (vi) reinforce sustainability and flexibility of the CD funding model; and (vii) gear HR policies and incentives to ensure the needed expertise in both the Fund’s core and newly emerging CD topics.

Figure 4. Summary of Progress – The IMF and Capacity Development



In response to seven recommendations in the IEO evaluation, the MIP envisages 23 actions, of which 19 remain open. At this stage, these recommendations face no obvious challenges and are expected to be implemented in reasonable time.

Source: OIA

IEO Recommendation 1: Further enhance the strategic framework for IMF CD to provide clearer guidance for a more intentional and transparent approach to the prioritization and allocation of IMF CD.

Directors broadly supported this recommendation, noting that its objective would be a key theme of the forthcoming CD Review. Directors agreed that strengthening the role of the Committee on Capacity Building (CCB), including through updating its Terms of Reference will be important. They agreed that Regional Strategy Notes (RSNs) should continue to drive prioritization at the country level while improving their rigor, consistency, and approaches to strengthen member country engagement. A number of Directors were open to the recommendation to develop Country Engagement Strategies (CES) for all heavy CD users, but others wondered about the cost implications, and a few noted that this would best be considered following longer experience with the implementation of the Fragile and Conflict-affected States (FCS) Strategy. **The MIP envisages four actions to address this IEO recommendation, of which one action has been implemented.**

MANAGEMENT ACTION 1.1:

The CD Strategy Review (CDSR) will make recommendations to enhance the clarity and transparency of the strategic and prioritization framework, specifically:

1a. Propose more detailed guiding principles on the objectives of Fund CD.

1b. Map the Fund's comparative expertise in the CD space, taking into account evidence on impact, the changing pattern of demand, and complementarities with other providers.

1c. Assess progress toward integrating CD with surveillance and lending, analyze synergies and trade-offs between CD, surveillance, and program work, and propose practical avenues to further improve strategic aspects of member country engagements.

1d. Examine the desirable size of CD spending relative to other core activities of the Fund, given the changing needs of the membership, evolving coverage of Fund surveillance, development of other providers in similar fields, and technological developments.

Open




ACCOUNTABLE: ICD in consultation with the Interdepartmental Contact Group (ICG) and External Advisory Group (EAG).

ORIGINAL TARGET DATE:

December 2023.

18. A draft Concept Note for the CD Strategy Review, which was completed in early November 2022, outlines the broad focus and priorities of the Review. The note, which was discussed by the Board in early December 2022, is in line with the initial proposals for the review. Since then, ICD has built on the themes in these initial proposals, reflecting the findings of the IEO Evaluation and close consultation with area and functional departments.


19. The Concept Note indicates that while broadly understood, the objectives and principles of Fund CD need to be updated and clarified to be more effective gauges for prioritization. To help operationalize CD prioritization, the note details all the issues to be covered by the CD review, which are in line with those specified in this Management Action.¹¹ A midpoint engagement with the Board is scheduled for December 2023, while the formal Board meeting on the review is targeted for early 2024.

<p>MANAGEMENT ACTION 1.2: Prepare a new CD Guidance Note that will operationalize recommendations of the CD Strategy Review as well as updating/integrating several existing staff guidelines on CD, including those on CD-surveillance integration and results-based management (RBM).</p>	<p>Open</p> 	<p>ACCOUNTABLE: Lead ICD in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p>
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20. No obstacles on the implementation of this action are envisaged at this stage. Following the CD Review, staff will prepare the new CD Guidance Note.

<p>MANAGEMENT ACTION 1.3: Revise CCB ToR in line with the IEO recommendations to further strengthen CCB's strategic decision-making.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: ICD in consultation with departments.</p> <p>ORIGINAL TARGET DATE: May 2023.</p>
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21. A draft of the ToR has been circulated for departments' review, and it has been sent for Management's approval in October 2023.

<p>MANAGEMENT ACTION 1.4: Update staff guidance on the Country Strategy Note (CSN) and Regional Strategy Note (RSN) in line with findings of CDSR and include in CD Guidance Note to ensure their</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p>
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¹¹ Please refer to paragraphs 9, 10 and 11 of the 2023 Review of the Fund's Capacity Development Strategy – Concept Note, FO/DIS/22/152, November 17, 2022.

<p>consistency and coverage. Guidance on CES is covered in the FCS staff guidance note. In developing the new CD Guidance Note, staff will take stock of implementation progress through reviewing the coverage of CES in staff reports for FCS and CSNs for other heavy users.</p>		
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22. No obstacles on the implementation of this action are envisaged at this stage.

IEO Recommendation 2: Further develop the Executive Board’s strategic and oversight role through increased engagement and provision of information.


Directors concurred with this recommendation. They agreed with introducing a formal mid-point progress report on the implementation of the CD strategy. Directors also saw merit in strengthening the coverage of CD in appropriate Board country documents, in line with the Comprehensive Surveillance Review (CSR) guidance, as well as in continuing to explore other means for enhancing information provision to the Board on CD effectiveness and value for money, including through funding vehicle approvals and standardized reporting formats. **The MIP envisages four actions to address this IEO recommendation, of which one has been implemented.**

<p>MANAGEMENT ACTION 2.1: Establish a mid-point review of the CDSR to provide the Board with an opportunity to offer strategic guidance in between five-year reviews.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD lead in consultation with departments.</p> <p>ORIGINAL TARGET DATE: May 2026.</p>
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23. No obstacles on the implementation of this action are envisaged at this stage.

<p>MANAGEMENT ACTION 2.2: Provide the Board with access to CD results information through new regularly updated reporting dashboards based on CDMAP data.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD in collaboration with SEC and ITD.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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24. The CD HUB was launched to Fund staff in May 2023. A version for the Executive Board will be developed by the end of 2023.

<p>MANAGEMENT ACTION 2.3: Take stock of CSR and CES implementation and explore harmonized approaches to ensuring the adequate coverage of CD issues in Article IV staff reports. These approaches will be reflected in the CD Guidance Note, which will also update the existing staff guidelines on the integration of CD with surveillance and lending.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD lead in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p>
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25. No obstacles on the implementation of this action are envisaged at this stage. The CD Guidance Note will cover the issues referred to above.


<p>MANAGEMENT ACTION 2.4: Documents seeking Board approval of new external funding vehicles will set out how these vehicles contribute to the Fund's CD strategy.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: ICD.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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26. Beginning March 2023, staff has added an explanation of how new external funding vehicles contribute to the CD Strategy. This has been implemented in the recent three Board papers opening new subaccounts.¹² As a results, this action was completed before the original target date.


IEO Recommendation 3: Reinforce measures to promote CD ownership, along with tighter integration with surveillance and lending, tailoring to country circumstances and promoting collaboration as key drivers of CD effectiveness.

Directors supported this recommendation. They stressed the importance of enhancing the guidance to staff on how to integrate CD in a program context. They encouraged addressing these issues in the context of the upcoming review. **The MIP envisages two actions to address this IEO recommendation, which have not yet been implemented.**

¹² The subaccounts are: (i) Framework Administered Account for Selected Fund Activities- Establishment of the Luxembourg Subaccount, EBS/23/27, 3/22/2023; (ii) Framework Administered Account for Selected Fund Activities – Establishment of the Ukraine Capacity Development Subaccount, EBS/23/31, 3/27/2023; (iii) Framework Administered Account for Selected Fund Activities – Establishment of the Saudi Arabia Subaccount, EBS/23/32, 3/31/2023.

<p>MANAGEMENT ACTION 3.1: CDSR will make recommendations to enhance CD ownership, surveillance and program integration and traction, and coordination with CD providers.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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27. The CDSR Concept Note indicates that the review will identify approaches to promote country buy-in and commitment and improve tailoring, including through greater integration of CD with surveillance and lending and closer collaboration among country teams¹³.


<p>MANAGEMENT ACTION 3.2: Prepare a CD Guidance Note that will operationalize CD Strategy recommendations and enhance the existing guidance on the integration of CD with surveillance and lending with measures on how to leverage and navigate challenges of CD in a program context to support CD ownership and implementation while considering capacity constraints.</p>	<p>Open</p> 	<p>ACCOUNTABLE: Lead ICD in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p>
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28. No obstacles on the implementation of this action are envisaged at this stage. The CD Guidance Note will cover the abovementioned issues.


IEO Recommendation 4: Leverage further the advantages of Regional Capacity Development Centers (RCDCs) and put them on a sustainable footing.

Directors agreed with this recommendation. They highlighted that enhancing field presence in general and the governance of RCDCs, including clarifying the roles of headquarters (HQ) and RCDCs, is an important element of CD provision and should be a central element in the upcoming review. Many Directors called for increasing Fund financing of RCDCs to ensure a more stable source of funds and noted that a stronger role for IMF internal financing should be explored. Other Directors recognized that implementation would depend on resource availability. **The MIP envisages two actions to address this IEO recommendation, which have not yet been implemented.**

¹³ Paragraph 16, bullet 3 of the 2023 Review of the Fund's Capacity Development Strategy – Concept Note, FO/DIS/22/152, November 17, 2022.

<p>MANAGEMENT ACTION 4.1: CDSR will make recommendations to enhance the Fund’s field presence, strengthen RCDC governance and place their financing issues on a more sustainable footing.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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29. The CDSR Concept Note indicates that the review will explore whether changes are needed in the mandates, internal governance, and financing structure of RCDCs.

<p>MANAGEMENT ACTION 4.2: Prepare a CD Guidance Note that will include further guidance on RCDC governance, roles of HQ and field, good practices on knowledge exchange mechanisms, and other issues arising from the IEO and strategy recommendations.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD leads in consultation with area and functional departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p>
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30. No obstacles on the implementation of this action are envisaged at this time. The CD Guidance Note will cover these issues.


IEO Recommendation 5: Further enhance the Monitoring and Evaluation system and fully exploit it to drive improvements in CD prioritization, design, and delivery.

Directors broadly agreed with this recommendation. They encouraged continued efforts to improve the quality and consistency of RBM, including through close communication between area and CD departments and with authorities. Directors emphasized that the CCB should continue to strive for a coherent and effective evaluation strategy to learn lessons on how to ensure maximum CD impact. Noting the already extensive externally mandated evaluation programs, Directors suggested seeking to make strategic use of their findings and synthesize them so they can better inform planning, design, and prioritization of all Fund CD. They also noted that options should be explored to further strengthen the strategic planning and execution of internal evaluations, while bearing in mind cost-benefit trade-offs. **The MIP envisages six actions to address this IEO recommendation, of which two have been implemented.**


<p>MANAGEMENT ACTION 5.1: The CD strategy will make recommendations to enhance the Fund’s monitoring and evaluation (M&E) system to improve strategic planning and execution of CD. The Strategy will cover strategic selection</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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and use of evaluations as a tool for CD prioritization and learning from and operationalizing evaluation results (including a synthesis of evaluation findings).		
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31. The CDSR Concept Note specifies that the review will propose mechanisms to allow for more systematic usage of existing M&E tools.

MANAGEMENT ACTION 5.2: Prepare a CD Guidance Note that will provide operational guidance on RBM and other M&E issues raised in Strategy review.	Open 	ACCOUNTABLE: Lead ICD in consultation with area and functional departments. ORIGINAL TARGET DATE: December 2024.
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32. No obstacles on the implementation of this action are envisaged at this stage. The CD Guidance Note is expected to provide operational guidance on RBM and other M&E issues.

MANAGEMENT ACTION 5.3: Develop a RBM Dashboard available to staff to improve results reporting and delivery coverage and to aid in CD planning and prioritization.	Implemented 	ACCOUNTABLE: ICD. ORIGINAL TARGET DATE: July 2023.
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33. A new CDMAP RBM dashboard was launched on November 9, 2022. The new dashboard consolidates and replaces previous dashboards (Portfolio Logframe Report and RBM dashboard) and can be accessed on the RBM intranet site and through CDMAP reports. The tool is based on CDMAP data and improves upon previous versions by streamlining data downloads, supporting more advanced results analysis, and enabling data quality management. Users can now filter data to access more targeted data downloads; view and download data at different levels (e.g., project, objective, outcome, indicator/milestone); dynamically analyze project results alongside other data, including percent of project completion, project budget, and risk ratings; and access data quality metrics to identify data gaps and improve data completeness. All dashboard sections include multiple filters and export capabilities. The tool is expected to support reporting and portfolio management needs. Staff will continue to make enhancements in the future.

MANAGEMENT ACTION 5.4: Launch RBM e-learning to improve staff's access to RBM requirements and best practice.	Implemented 	ACCOUNTABLE: ICD. ORIGINAL TARGET DATE: June 2023.
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34. The RBM e-learning was released in late October 2023. The RBM e-learning consists of two modules and prior to its launch, a prototype was shared with departments for initial user testing and feedback.

<p>MANAGEMENT ACTION 5.5: Undertake advisory review of CDMAP processes and functionality to identify opportunities for efficiency and user experience gains.</p>	<p>Open</p> 	<p>ACCOUNTABLE: OIA in consultation with ICD and other departments.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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35. Since the roll-out of CDMAP, efforts to improve user adoption and system stabilization continue. In this regard, ICD approached OIA to conduct an advisory engagement with the objective of identifying opportunities that can support the continued stabilization of the Program going forward. Fieldwork commenced in May and the engagement is expected to be completed within the agreed timeline.

<p>MANAGEMENT ACTION 5.6: Prepare and propose a follow-up CDMAP capital project to incorporate lessons of review and implementation requirements of CDSR to improve system performance and user experience.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD.</p> <p>ORIGINAL TARGET DATE: December 2024.</p>
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36. No obstacles on the implementation of this action are envisaged at this stage.

IEO Recommendation 6: Consider further steps to enhance the stability and flexibility of CD funding in order to sustain support for the CD needs of member countries.

Directors broadly agreed with this recommendation. They saw the benefit of continuing to explore new options, although they recognized that the scope for, or speed of, significant gains may be limited, given pressures on both Fund and donor budgets. Many Directors suggested a review of the CD funding model, including external funding vehicles. Directors noted, however, that the merit and practicality of the different options would have to be carefully considered in light of the Fund’s income model and donors’ preferences and constraints. **The MIP envisages one action to address this IEO recommendation, which has not yet been implemented.**


<p>MANAGEMENT ACTION 6.1: CDSR will consider funding issues, including those related to flexibility and</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p>
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<p>sustainability, particularly in the context of RCDCs. The Review will:</p> <p>1a. Review the CD funding model, and explore new funding options, including further increasing the internal funding for CD, and consider risk mitigating strategies.</p> <p>1b. Assess the relative costs and benefits of various forms of engagement by HQ and field-based experts and field presence; explore policies (including HR and budget) to support further field presence.</p> <p>1c. Explore whether changes are needed in the mandates, internal governance, and financing structures of RCDCs.</p>		<p>ORIGINAL TARGET DATE: December 2023.</p>
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37. The Concept Note for the CDSR specifies that the CD review provides an opportunity to reflect on the size, composition and funding of CD. The Concept Note indicates that the review will examine the funding model, explore new funding options and modalities, including further increasing the internal funding for CD, and consider risk mitigating strategies to strengthen coordination with the Fund's other fundraising activities as well as to fully leverage the advantages of external partner collaboration. The review will assess the relative costs and benefits of various forms of engagement by HQ and field presence and will explore policies (including HR and Budget) to support deeper and flexible field presence that can leverage closer collaboration with country teams and Capacity Development departments (CDDs) and improve knowledge sharing between the RCDCs and HQ. The review will also explore whether changes are needed in the mandate, internal governance, and financing structure of RCDCs, while remaining cognizant of institutional budgetary considerations.

IEO Recommendation 7: Calibrate HR policies and incentives to ensure that the IMF maintains and enhances the quality and continuity of CD expertise, and that CD receives appropriate priority as an integral aspect of country engagement.


Directors agreed with this recommendation. They recognized that the timing of implementation of some other elements of this recommendation would need to be aligned with the pace of broader HR reforms, although a number of Directors suggested that there could be scope to consider options on flexible working arrangements, at least on a trial basis. Directors looked forward to proposals in the MIP on staff incentives to work on CD. They noted that raising the recognition and opportunities for CD specialists at the Fund also requires behavioral and cultural changes. **The MIP envisages four actions to address this IEO recommendation, which have not yet been implemented.**

<p>MANAGEMENT ACTION 7.1: CDSR will consider a number of issues, including those relating to the intention and career tracks of CD specialists, program managers and administrators and improvement of staff incentives to work on CD. This review of HR issues focused on CD will need to account for the interdependencies and alignment with other HR policies and initiatives.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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38. The Concept Note specifies that the CDSR will identify specific measures to raise the recognition of CD work, increase opportunities for and retention of CD specialists, program managers and administrators, and improve staff incentives to work on CD.

<p>MANAGEMENT ACTION 7.2: Finalize proposal for establishing enhanced expert track.</p>	<p>Open</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: May 2025.</p>
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39. Due to capacity constraints and competing priorities, HRD has delayed this work. At the same time, HRD has completed most of the Workforce Analysis Notes for Specialists, including Workforce Analysis Notes for Fiscal Experts (FY2021), Financial Sector Experts (May 2022), Macroeconomic Statistics/Government Finance and External Sector Statistics (April 2023), and Real Sector and Monetary and Financial Statistics (September 2023). HRD has also engaged with representatives from Functional Departments on options to provide better career opportunities for Specialists, which will also benefit those working for CD departments more broadly. Against this backdrop, HRD is working on re-scoping and recalibrating the Expert Track. One important conclusion that came out of the analysis carried out so far is that while there are managerial positions available for specialist economists, the main problem faced by them in their careers seems to be their limited mobility options. HRD is analyzing with departments how to address this issue, taking into consideration the different types of Specialists (RES-oriented, financial experts, etc.). This would provide the basis to develop a streamlined version of the Expert Track. Although HRD is currently involved in several other issues of higher priority, the target completion date of May 2025 still looks feasible.

<p>MANAGEMENT ACTION 7.3: Complete the enhancement of the Talent Inventory to include macro-financial experience of fungible economists and continue to enhance the CD Strategy.</p>	<p>Open</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: May 2025.</p>
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40. HRD has taken several steps to enhance the talent inventory, but the process is taking longer than originally expected. After focusing on the LIC-FCS experiences of A13-14 fungible macroeconomists, HRD continues to work with MCM on the identification of macrofinancial experiences and skills. As noted in the Twelfth PMR, in the past, financial sector workforce analysis focused on a narrow definition that only included financial sector experts with FSE titles mostly in MCM and, to a lesser extent, in LEG. However, more recently, HRD in collaboration with MCM has been developing a database related to financial sector work linked to staff information. This extension of the talent inventory, which is based on a multi-pronged approach, will allow HRD to “tag” staff with enhanced macrofinancial skills along three dimensions: (i) tenure in MCM; (ii) participation in macrofinancial missions based on TIMS codes and missions originated by MCM (including CD and non-CD missions such as FSAPs, MCM training, etc.); and (iii) skills declared by MCM staff and recorded in Workday. These three dimensions are expected to be integrated into the talent inventory with a focus on macrofinancial skills and can be used by the CD strategy and other resource allocation undertakings. The analysis of macrofinancial experiences will include all fungible macroeconomists with some financial experience, regardless of whether they are members of MCM or other departments and is expected to be completed by end-FY24.

<p>MANAGEMENT ACTION 7.4: Further update the workforce planning materials for selected CD management job families/functions and incorporate CD department feedback into the workforce planning tool (Adaptive Insights).</p>	<p>Open</p> 	<p>ACCOUNTABLE: HRD in consultation with ICD and CD departments.</p> <p>ORIGINAL TARGET DATE: April 2024.</p>
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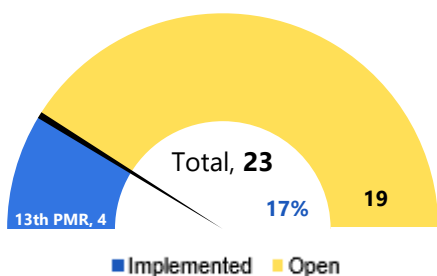
41. As part of the CDSR, the cross-departmental Working Group representing CD departments and HRD is considering a recommendation to clarify and develop career paths for administrative and budget/project management roles. This would facilitate better career and development of staff, more effective succession planning and business continuity by departments, and more systematic assessment as well as better management of expectations of contractual employees with respect to their eligibility and competitiveness for staff positions. The WG has discussed retention and career development issues in back-office functions at HQ and in the field, including for assistants and TA, Budget, Information Management, and Project Officers. The WG noted that the ability of CD departments to optimize delivery comes not only from a strong cadre of Specialists Economists but also from strong back-office functions. While CD departments are organized differently, there is a benefit in laying out clear career paths for the professionals in support functions. Concrete measures are expected to be agreed upon in the future.

B. IMF Engagement with Small Developing States (2022)

The IEO evaluation found that the Fund deserves considerable credit for having substantially stepped up its engagement with Small Developing States (SDS) members over the last decade. This improvement reflected significant efforts to develop specific staff guidance for Fund work on SDS,

increased attention to climate change and other macro-critical issues for these members, and a strengthening of capacity development work underpinned by the important role played by regional centers. Nevertheless, the evaluation identified a number of serious concerns that have adversely affected the Fund's value added and traction in its work with SDS. These comprise difficulties in staffing teams, which has contributed to high rates of staff turnover; a financing architecture not especially well suited to the particular needs of SDS, which have used Fund resources substantially less than other emerging market and developing economies; and the presence of institutional constraints in many SDS, which has hampered the traction and impact of capacity development. Based on these findings, the IEO report proposed four recommendations and made a number of specific suggestions. These include a recalibration of the overall approach to the Fund's activities in SDS, making better use of the Fund's lending framework to address SDS needs; operational steps to increase the traction of surveillance and capacity development work; and further human resource and budgetary commitments to support SDS engagement.

Figure 5. Summary of Progress – IMF Engagement with Small Developing States (SDS)




In response to four recommendations in the IEO evaluation, the MIP envisages 23 actions, of which 19 remain open. At this stage, these recommendations face no obvious challenges and are expected to be implemented in reasonable time.

Source: OIA


IEO Recommendation 1: The Fund should pursue a targeted recalibration of its overall approach for engagement with SDS to strengthen the value-added and impact of its work. The recalibration would have two principal elements: (a) a refresh of the SDS Staff Guidance Note (SDS-SGN); and (b) steps to support more effective application of the SDS-SGN and other commitments in the implementation plan for the evaluation through mechanisms for internal coordination, engagement with the Board, and collaboration with partners.

Directors broadly agreed with this recommendation. In particular, they supported a focused refresh of the SDS-SGN to take account of the current global context and evolving macro-critical priorities. A number of Directors supported formalized IMF-WB collaboration on critical SDS workstreams, with the IMF focusing on core areas, relying on external partners to complement/fill gaps. Many Directors emphasized the importance of tailored communication with SDS countries through active outreach. Many Directors also supported a review of Fund engagement with SDS within five years. Other Directors agreed with the Managing Director's view that leveraging the several planned and provisioned-for reviews in the areas of surveillance, lending, and capacity development would be most appropriate to better link SDS engagement to the overall Fund strategy and address potential resource trade-offs and avoid duplication. **The MIP envisages nine actions to address the IEO recommendation, of which one has been implemented.**


<p>MANAGEMENT ACTION 1.1: Update the 2017 SDS-SGN and its accompanying Quick Reference Card for Reviewers, with a view to enhance engagement with SDS across modalities, in line with applicable Fund policies, frameworks, and relevant guidance. The update will include:</p> <ul style="list-style-type: none"> • Surveillance: guidance for focused and well-tailored surveillance for SDS based on the 2022 Surveillance Guidance Note (SGN), including on the assessment of macro-critical structural issues and on providing granular policy advice (See also Recommendation 2 section below). • CD: guidance to help ensure a strong integration of CD with surveillance and lending. • Lending: guidance, in line with applicable Fund policies, on tailoring Fund-supported programs, including by paying greater attention to growth and resilience objectives and reforms, in addition to adjustment needs, when appropriate, and including RSF implementation as applicable (see also Recommendation 3 section below). • CMAPS/CCDRs (and other climate diagnostics): guidance on how climate diagnostics (including the Fund’s CMAPS, the WB’s CCDRS, and/or other available climate-related diagnostics) may be best integrated with surveillance and lending, including into RSFs, in 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from other area and functional departments).</p> <p>ORIGINAL TARGET DATE: End-September 2024.</p>
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<p>collaboration with the WB and in line with established policies.</p> <ul style="list-style-type: none"> • Use of Toolkits: guidance on how the flexibility embedded in the MAC DSA, LIC DSF, and EBA-lite tools can be leveraged for countries facing data and capacity constraints, including SDS, as appropriate. • Coordination with partners: the SDS-SGN will cross-reference existing frameworks and most recent guidance on coordination with partner institutions (e.g., the recently issued Guidance Note on Information Sharing between the IMF and World Bank Staff, as well as the coordination frameworks for RSF arrangements), highlighting best practices and issues of relevance for SDS. • Traction: guidance will emphasize the importance of traction, including through the multi-dimensional concept of traction put forward by the 2021 Comprehensive Surveillance Review, and discuss good practices for teams to support traction with SDS members. Focus will include the importance of maintaining strong engagement continuity, and of building a trusted partner relation across engagement modalities. 		
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42. Staff intends to prepare the updated SGN on engagement with SDS by end-September 2024. The work will be led by SPR in consultation with other departments through the newly established SDS-WG. The updated SGN will cover all the topics included in this management action.

<p>MANAGEMENT ACTION 1.2: Strengthen traction and engagement with SDS.</p> <ul style="list-style-type: none"> • AFR, APD, and WHD to each hold an annual High-Level Regional Engagement Event with SDS in their respective constituencies, in person, hybrid, or virtual form, either during Spring or Annual Meetings, consolidating recent practice. 	<p>Open</p> 	<p>ACCOUNTABLE: AFR, APD and WHD.</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p>
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43. Two of the three ADs referred to above (WHD and APD) already hold annual high-level events with SDS, while AFR plans to organize its first annual regional engagement event for SDS at the margin of the 2024 Spring Meetings. Recent practice includes the Caribbean Breakfast organized by WHD and a high-level conference with the Pacific Islands hosted by APD every year during the Annual Meetings. Specifically, WHD and the relevant ED offices have been organizing a meeting between the Managing Director and the Caribbean Central Bank Governors and Ministers of Finance during the Annual Meetings since the early 2000s. Moreover, since 2020 WHD and the relevant ED offices have organized a meeting between the WHD Director and the Caribbean Central Bank Governors and Ministers of Finance during the Spring Meetings. WHD also held forums with the Caribbean authorities in the Caribbean region during 2015-19, which have been suspended since 2020 due to the COVID-19 pandemic. WHD plans to restart these forums, although the exact date and format has not yet been decided. Regarding APD, the last conference with the Pacific Islands was held on October 11, 2022, with the participation of Ministers and Governors of Pacific Island countries and Management, including the Managing Director.


<p>MANAGEMENT ACTION 1.3: To strengthen traction and engagement with SDS:</p> <ul style="list-style-type: none"> • Run one survey of SDS country authorities to assess traction across engagement modalities. 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead SPR, with inputs/review by the rest of the SDS/WG).</p> <p>ORIGINAL TARGET DATE: End-March 2025.</p>
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44. No obstacles on the implementation of this action are envisaged at this stage.


<p>MANAGEMENT ACTION 1.4: To strengthen internal coordination mechanisms to support staff work on SDS:</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: SDS-CG (Lead SPR with review/inputs from other area and functional departments).</p>
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<ul style="list-style-type: none"> Convert the existing inter-departmental Consultive Group on SDS (SDS-WG) for the MIP into an enhanced staff working group (SDS-WG) by preparing the Terms of Reference (ToRs) of the SDS-WG and submitting to Management. The enhanced SDS-WG will now add FDs (FAD, FIN, ICD, LEG, MCM, STA) to the earlier working group, conformed by ADs and SPR. 		<p>ORIGINAL TARGET DATE: End-February 2023.</p>
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45. Following the approval of the MIP, the SDS-WG was created, and its terms of reference were finalized in April 2023. The SDS-WG, which is chaired by SPR, had participants from all area departments, FAD, FIN, ICD, LEG, MCM, STA, and HRD, but the group was subsequently extended to include RES and SEC. The SDS-WG meets quarterly to (i) exchange knowledge, identify cross-cutting themes, and facilitate coordination of work on SDS issues across departments; (ii) help usher the implementation of monitoring of this MIP; (iii) coordinate staff engagement with the Executive Board’s Small States Working Group; (iv) develop proposals for joint analytical work on SDS, (v) facilitate collaboration with the World Bank and other development partners on SDS issues and (vi) advocate on issues of concern to SDS among staff. The SDS-WG has met twice, in June and September 2023.


<p>MANAGEMENT ACTION 1.5: To strengthen accountability on engagement with SDS:</p> <ul style="list-style-type: none"> SDS-WG will report to Management on progress on MIP Implementation, via a memorandum to Management annually in 2023 and 2024 (see also related commitment in Management Action 4.1). 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p>
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46. The SDS-WG intends to update Management on MIP implementation by end-December 2023, as envisaged in the MIP.


<p>MANAGEMENT ACTION 1.6: To strengthen accountability on engagement with SDS:</p>	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from others).</p>
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<ul style="list-style-type: none"> • SDS-WG to meet with the Board’s Small States Working Group (SSWG) once a year, in each 2023 and 2024. 		<p>ORIGINAL TARGET DATE: End-December 2024.</p>
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47. Staff met with the SSWG on September 21, 2023. In the meeting, staff updated the SSWG on completed actions, future plans, and recent developments in the RST workstreams and responded to questions.

<p>MANAGEMENT ACTION 1.7: To strengthen dissemination of analytics and knowledge on SDS:</p> <ul style="list-style-type: none"> • Launch an “SDS Week” as an internal learning and capacity-building event for staff working with SDS, including (1) an operating event with OMD presence to raise visibility of SDS-related issues; (2) an “onboarding” program for SDS staff, including a presentation of the SDS-SGN and a tour of the SDS Knowledge Exchange (KE) site; and (3) an intranet story showcasing the SDS week. 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead: SPR with Inputs/Review from others in SDS/WG + COM support).</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p>
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48. Staff in the SDS-WG will discuss the timing of the SDS Week in due course and deliver the event by end-2024.

<p>MANAGEMENT ACTION 1.8: To strengthen dissemination of analytics and knowledge on SDS:</p> <ul style="list-style-type: none"> • Launch and run a new analytical seminar on SDS (internal audience), with sessions twice per year dedicated to SDS-relevant issues and research, presenting both IMF and external speakers. 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG.</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p>
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49. Staff launched the SDS Seminar Series in September 2023. On September 7, 2023, staff from WHD presented research findings on the Eastern Caribbean Currency Union’s experience with rules-based fiscal responsibility frameworks. The second seminar is planned for December 2023.


<p>MANAGEMENT ACTION 1.9: To assess the IMF engagement with SDS:</p> <ul style="list-style-type: none"> • Prepare a Medium-Term Review, to be delivered through a Board paper, on the Fund’s engagement with SDS, including on the implementation of the commitments in the MIP on the Fund and SDS. 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead: SPR with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2028.</p>
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50. No obstacles on the implementation of this action are envisaged at this stage.

IEO Recommendation 2: Steps should be taken at the operational level to enhance the focus and traction of the IMF work on SDS in the areas of surveillance and CD. Actions would aim at further adapting processes and tools for the SDS context, deepening integration across Fund activities, better recognizing domestic constraints, and increasing support for implementation.


Directors generally supported this recommendation. They concurred that steps should be taken at the operational level to enhance the focus and traction of work on SDS. Directors agreed that actions should aim at better leveraging flexibility in the core tools for SDS context (the SGN should include guidance on this).¹ Directors emphasized that diagnostic tools are useful in SDS, and tailoring will increase their impact [...] and noted that surveillance and related toolkits must remain consistent with Fund policy frameworks. Directors highlighted the need to collaborate with the World Bank in this context. Many Directors consider that Country Engagement Strategies (CES) could be rolled out “as needed” for non-fragile SDS. Many Directors concurred with the MD on the need to be flexible in prioritizing Fund surveillance and CD (including FSAP/FSSR, CMAPs) and noted that they were open to exploring cluster or regional approaches in cases where it was cost-effective. **The MIP envisages four actions to address this IEO recommendation, of which two have been implemented.**

¹ See specific efforts under Management Action 1.1 above, in the context of the updated SDS-SGN, which will cover these surveillance and CD related issues as suggested.

<p>MANAGEMENT ACTION 2.1: To enhance strategic engagement with SDS:</p>	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (SPR to lead with inputs/review of other departments).</p>
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<ul style="list-style-type: none"> Publish guidance for Area Departments to include a concise “Country Engagement” Box for all SDS in Article IV staff reports once every three years, outlining policy priorities as well as key considerations under engagement modalities as applicable. 		<p>ORIGINAL TARGET DATE: End-March 2024.</p>
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51. SDS-WG intends to publish the guidance for Area Departments, including the “Country Engagement” Box, by end-March 2024, as envisaged in the MIP.

<p>MANAGEMENT ACTION 2.2: To ensure key CD products appropriately serve SDS members:</p> <ul style="list-style-type: none"> The CMAP Review will explicitly consider implications for supporting SDS climate agenda by presenting in a dedicated box for SDS: (i) the lessons learned from CCPAs and CMAP pilots; and (ii) the priorities for the application of CD tools for SDS going forward. 	<p>Implemented</p> 	<p>ACCOUNTABLE: FAD/SPR.</p> <p>ORIGINAL TARGET DATE: End-May 2023.</p>
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52. On May 11, 2023, the Executive Board discussed the Review of the Climate Macroeconomic Assessment Program (CMAP) Pilots. Following the Board discussion, a paper was published, which included a box on engagement with small states, as well as several examples throughout the document on the tradeoffs and lessons learned regarding the delivery of Climate Change Policy Assessment (CCPA) and CMAP.¹⁴ It also discussed the priorities for the application of CD tools for SDS going forward. For the pilots, the authorities valued macro-fiscal analysis of climate policies and identification of weaknesses in the Public Financial Management (PFM) system with climate considerations. Given the limited administrative capacity, a more targeted approach was found more effective for SDSs than a comprehensive climate diagnostic.

<p>MANAGEMENT ACTION 2.3: To ensure key CD products appropriately serve SDS members.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: FAD/SPR.</p> <p>ORIGINAL TARGET DATE: End-June 2023.</p>
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¹⁴ Review of the Climate Macroeconomic Assessment Program Pilots, SM/23/137, June 1, 2023.

<ul style="list-style-type: none"> • Hold a Fund-wide seminar on fiscal CD and surveillance tools (as per the Fund’s Climate strategy) to disseminate engagement modalities with members, including recent experience with CD pilots. 		
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53. FAD and SPR held a Fund-wide seminar on Climate Fiscal Capacity Development and Surveillance Tools for Small Developing States on July 13, 2023. In the seminar, FAD staff presented analytical and CD tools for climate mitigation, transition and adaptation, including CPAT, C-PIMA, green PFM, Q-CRAFT, and CMAP, with their applications to SDS.

<p>MANAGEMENT ACTION 2.4: To ensure key CD products appropriately serve SDS members:</p> <ul style="list-style-type: none"> • During the Phase II FSSR Donor-Funding Round in FY24, propose an expansion of the eligibility list for SDS to at least half of the 22 SDS not currently in the list. 	<p>Open</p> 	<p>ACCOUNTABLE: MCM.</p> <p>ORIGINAL TARGET DATE: End-April 2025.</p>
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54. Staff have begun discussions with donors on the expansion of the eligibility list that will form part of the Phase II project proposal.

IEO Recommendation 3: The IMF should consider how to use its lending framework in ways that better address the needs and vulnerabilities of SDS.


Directors generally agreed there is room to explore how Upper Credit Tranche (UCT)-quality programs may be better tailored to SDS, including through greater focus on growth and resilience objectives in Fund programs. They also noted the need to build further awareness of the benefits of UCT-quality programs in SDS, and generally agreed that RST should address the needs of eligible members, including SDS. Many Directors noted the need to consider how to leverage RST financing to address structural constraints and build resilience in SDS, while a number of Directors emphasized that the planned 18-month interim review should commit to assessing whether the RST is providing and catalyzing meaningful support to SDS and adjust as necessary. Many Directors supported increasing access limits under the Large Natural Disaster window of the Emergency Financing instruments, while many others did not consider raising access limits to be

the right approach. **The MIP envisages three actions to address this IEO recommendation, which have not yet been implemented.**¹


¹ See also specific efforts to provide guidance in the SDS-SGN on general lending engagement issues (Management Action 1.1 above) and enhance awareness of the IMF's overall engagement toolkit (see High-level Events in Management Action 1.2).

<p>MANAGEMENT ACTION 3.1: To enhance the treatment of growth and resilience in IMF-supported programs with SDS:</p> <ul style="list-style-type: none"> Organize one external seminar (in person or virtual) to familiarize the SDS authorities with Fund lending, including the UCT lending toolkit, the benefits of the UCT-quality program and the RSF/RST. Seminar to include a peer-learning session with SDS exchanging on success cases. 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (SPR to lead with inputs/review of other departments).</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p>
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55. Staff plans to organize the seminar by end-December 2023, as envisaged in the MIP.

<p>MANAGEMENT ACTION 3.2: To help ensure that the RST effectively attends to SDS:¹</p> <ul style="list-style-type: none"> The 18-month interim review of the RST will include any initial experiences on implementation of the Trust, including for SDS. <p>¹ See efforts in Management Action 1.1 above, in the context of the SDS-SGN update, which will help tailor the RST requests for SDS based on relevant priorities as appropriate.</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR (with inputs/review of other departments).</p> <p>ORIGINAL TARGET DATE: End-June 2024.</p>
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56. The Interim Review of the RST is planned for April 2024, 18 months after the operationalization of the RST. The Interim Review will discuss initial experiences on the implementation of the Trust, including SDS, as envisaged in the MIP.

<p>MANAGEMENT ACTION 3.3: To help ensure that the RST effectively attends to SDS:</p> <ul style="list-style-type: none"> The three-year review of the RST will delve deeper to further consider SDS experiences, including on various design aspects, interactions with the lending toolkit, and ability to catalyze additional financing. 	<p>Open</p> 	<p>ACCOUNTABLE: SPR/FIN/LEG (with inputs/review of other departments).</p> <p>ORIGINAL TARGET DATE: End-December 2025.</p>
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57. No obstacles on the implementation of this action are envisaged at this stage.


IEO Recommendation 4: The Fund should adopt further HR management commitments to increase continuity and effectiveness of staff’s engagement with SDS. Steps would aim at improving incentives to work on SDS assignments, reduce turnover, avoid gaps in coverage, minimize disruptions from handovers, and strengthen Fund’s presence on the ground.

Directors agreed with this recommendation. They welcomed the MIP on the Board-Endorsed Recommendations on Categorization of Open Actions, which aims to address many of these issues. Directors agreed that the MIP on Open Actions should be allowed to progress before considering SDS-specific measures in this area. A number of Directors suggested that the promotion policy developed to incentivize staff working on FCS be extended to all SDS. Many Directors acknowledged the need for flexibility in decisions by departments, such as incentives and specific staffing solutions, given the diversity of challenges across regions. **The MIP envisages seven actions to address this IEO recommendation, of which one has been implemented.**


<p>MANAGEMENT ACTION 4.1: To reduce mission chief turnover and avoid gaps specifically in SDS mission chief assignments:</p> <ul style="list-style-type: none"> The analysis on issues surrounding mission chief and country team turnover, as proposed in the MIP on Board-Endorsed Recommendations on the Categorization of Open Actions will explicitly discuss the experience for SDS members. 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead HRD with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p>
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58. HRD has continued to work on several fronts to address mission chief turnover. Recent work includes training on the Country Information System (CIS) in Workday to improve data quality


and enhance reporting in the accountability framework. The latter now includes analytical country groups and desk economist information. Management is also informed of intradepartmental moves of mission chiefs. The analysis on mission chief tenure will include SDS as a comparator group, but the report delivered in fulfillment of the MIP's Management Action 1.5 will focus on analyzing and addressing the drivers of short tenure across all mission chief and desk economist assignments, not only country group-specific drivers and recommendations. The timeline envisaged in the MIP for this action remains valid.

<p>MANAGEMENT ACTION 4.2: To reduce mission chief turnover and avoid gaps specifically in SDS mission chief assignments:</p> <ul style="list-style-type: none"> The SDS-WG annual report to Management on progress on the MIP Implementation will update on engagement by Area Departments, including mission chief turnover, handover, team rotation, and frequency of missions with SDS. 	<p>Open</p> 	<p>ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p>
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59. No obstacles on the implementation of this action are envisaged at this stage.

<p>MANAGEMENT ACTION 4.3: To strengthen SDS teams:</p> <ul style="list-style-type: none"> Functional Departments (FDs) to identify mechanisms to support AD teams on SDS-related issues and report them to Management. Such mechanisms may be specific to each Department, may leverage existing mechanisms and once decided, would be established via memoranda to OMD. 	<p>Implemented</p> 	<p>ACCOUNTABLE: FAD, FIN, LEG, MCM, SPR, STA, ICD.</p> <p>ORIGINAL TARGET DATE: End-June 2023.</p>
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60. A memorandum summarizing Functional Department support to Area Department teams working on SDS was sent to management in late July 2023. The memorandum discusses such support, which spans the Fund's core activities of surveillance, lending, and capacity development and is provided through the review process, directly to country teams, through research products and analytical tools on policy issues of interest to SDS, and through CD activities and the local presence of long-term experts (LTX).

<p>MANAGEMENT ACTION 4.4: To strengthen SDS teams:</p> <ul style="list-style-type: none"> • Monitor support to SDS by FDs. This would include following up on metrics related to: (i) CD/TA provision in different modalities (including RTACs); (ii) physical and/or virtual participation in Area Department Missions; (iii) other possible support, including review of country papers. This would be reported as part of the Annual Memo to Management on MIP Implementation. 	<p>Open</p> 	<p>ACCOUNTABLE: FAD, ICD, LEG, MCM, SPR, STA.</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p>
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61. Staff intends to update Management on MIP implementation, including reporting on the proposed metrics, by end-December 2023, as envisaged in the MIP. This topic will be discussed by the SDS-WG.


<p>MANAGEMENT ACTION 4.5: The LIC/FCS promotion policy will be reviewed two years after it is fully implemented. Implications for SDS will be explicitly considered.</p>	<p>Open</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: End-December 2025.</p> <p>EXPECTED COMPLETION DATE: FY26.</p>
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62. No obstacles on the implementation of this action are envisaged at this time.

<p>MANAGEMENT ACTION 4.6: To strengthen the continuity of engagement with SDS:</p> <ul style="list-style-type: none"> • Area Department teams to hold at least one physical mission per year to SDS (including staff visits), in line with pre-pandemic practices. Circumstances making this unfeasible in specific cases would be explained/justified in the context of the Annual 	<p>Open</p> 	<p>ACCOUNTABLE: ADs.</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p>
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Monitoring Report by the SDS-WG to Management.		
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63. Given that the MIP was approved in March 2023, it is too early at this stage to report on annual outcomes. This issue will be discussed in the context of the SDS-WG and will be included in the update to Management on progress on this MIP's implementation by end-December 2023.

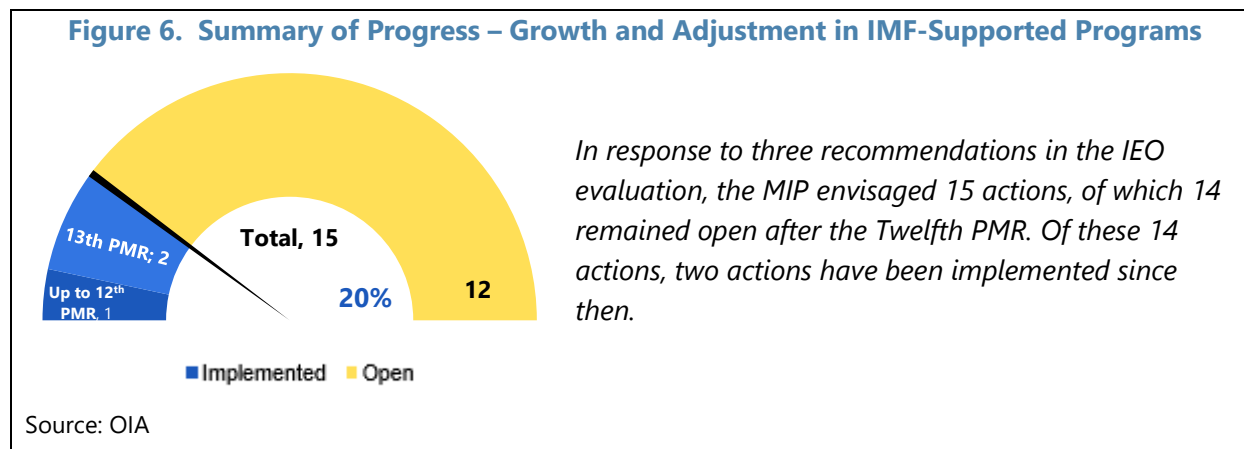
<p>MANAGEMENT ACTION 4.7: To strengthen the continuity of engagement with SDS:</p> <ul style="list-style-type: none"> • Submit for consideration of the Committee for Capacity Building a well-costed proposal for Management to expand the number of long-term macroeconomic experts (LTX) in RTACs dedicated to support SDS members, in close coordination with Area Department teams.¹ <p>¹ With the exclusion of METAC, which only serves one SDS, Djibouti.</p>	<p>Open</p> 	<p>ACCOUNTABLE: AFR, APD, WHD, ICD.</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p>
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64. Area departments with SDS are expected to propose expanding the number of long-term macroeconomic experts in RTACs. This issue will be discussed in the context of the Committee on Capacity Building in late 2023.

C. Growth and Adjustment in IMF-Supported Programs (2021)


The IEO evaluation assessed how well IMF-supported programs have helped to sustain economic growth while delivering the adjustment needed for external viability, focusing on IMF financing arrangements over the period 2008-19. The evaluation found that the Fund's increasing attention to growth in the context of IMF-supported programs had delivered some positive results. No evidence was found of a consistent bias towards excessive austerity, with programs yielding growth benefits relative to a counterfactual of no Fund engagement. Notwithstanding these positive findings, the evaluation noted that program growth outcomes consistently fell short of program projections. In this regard, it identified several ways in which policy instruments could be applied more effectively in programs to support better growth outcomes. The evaluation concluded that the Fund should seek to enhance program countries' capacity to sustain activity while undertaking needed adjustment during the program and enhance growth prospects beyond the program. To that end, the evaluation recommended giving more attention to the growth implications of programs and their

social and distributional consequences; supporting deep and more growth-oriented structural reforms with more effective capacity development and collaboration with the World Bank and other relevant partners; and continue building a toolkit of models and monitors that could be applied in the program context to assess growth-related developments, including social and distributional implications.




IEO Recommendation 1: Attention to growth implications of Fund-supported programs should become more thorough, systematic, realistic, and sensitive to social and distribution consequences.

Directors broadly supported this recommendation. They regretted that growth outcomes have often fallen short of program projections and concurred on the need to improve the realism of forecasts but also to pay greater attention to growth outcomes in program design. In this context, Directors considered that the findings of the IEO evaluation, together with the Review of Conditionality, should provide important inputs to the ongoing review of the operational guidance note on conditionality. They agreed on the need to carefully discuss fiscal multiplier assumptions; pay more attention to contingencies for growth shortfalls; and strengthen the monitoring of key social and distributional aspects, whenever possible. **The MIP envisages four actions to address this IEO recommendation, of which three remained open after the Twelfth PMR. No further actions have been implemented since then.**


<p>MANAGEMENT ACTION 1.1: Revise the operational guidance note (OGN) on program design and conditionality with the objective of having a thorough, systematic, and realistic discussion of program implications for growth in program documents as appropriate and feasible in a given country context. 1a. The OGN will recommend that program documents will discuss</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR.</p> <p>ORIGINAL TARGET DATE: FY23-H1.</p> <p>EXPECTED COMPLETION DATE: By end-CY2023.</p>
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<p>prominently the realism of baseline growth projections by at a minimum leveraging the realism tools embedded in debt sustainability frameworks, including the tool to assess the consistency between fiscal adjustment and growth under a range of plausible fiscal multipliers.</p> <p>1b. The OGN will recommend that Policy Notes (PN) should include – where appropriate and subject to confidentiality – contingency plans, including if baseline growth falls significantly short of program projections. In addition, the OGN on program design and conditionality will clarify that the PN review process and program discussions with authorities should cover policy tradeoffs in achieving adjustment and growth.</p> <p>1c. The OGN will provide updated guidance regarding social spending, drawing on the ongoing work to operationalize the Strategy for IMF Engagement on Social Spending.</p>		
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65. Staff plans to finalize the OGN on program design and conditionality before the end of 2023. The paper was delayed to accommodate other priorities and is currently being reviewed and on track to be sent to the Board and posted on the website. The OGN will cover the abovementioned issues.

<p>MANAGEMENT ACTION 1.3: Review the role of Fund-supported programs in fostering growth in the next Review of Conditionality (RoC) and discuss the appropriateness of the 2002 Conditionality Guidelines in that regard.</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR, LEG.</p> <p>ORIGINAL TARGET DATE: By end-FY24.</p> <p>EXPECTED COMPLETION DATE: By end-FY25.</p>
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66. The next RoC, which is expected to be completed by end-FY25, will review the role of Fund-supported programs in fostering growth and discuss the appropriateness of the conditionality guidelines.

<p>MANAGEMENT ACTION 1.4: Set up a training program for country authorities on the Sovereign Risk and Debt Sustainability Framework, including its realism tools.</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR, ICD.</p> <p>ORIGINAL TARGET DATE: By mid-FY24.</p> <p>EXPECTED COMPLETION DATE: April 2024.</p>
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67. Training for country authorities on the Sovereign Risk and Debt Sustainability Framework (SRDSF), including its realism tools, will be provided through 2024. Regional training is set to begin in January 2024 and is expected to continue later in the year with other events for which the SPR Debt Policy (SPRDP) Division is currently preparing training material. In addition, SPRDP is supporting country teams who wish to provide individual guidance to country authorities on the SRDSF by sharing documentation and providing training for staff, SPRDP and ICD are also working on an online course (MOOC) that provides easy-to-access training on the SRDSF for country authorities and the general public, which is expected to be launched in April 2024. Staff believes that in the future this online course will create synergies and support the training that SPRDP currently delivers, both to internal and external audiences. Along these lines, SPRDP is exploring the possibility of creating a blended course for IMF staff as part of the Internal Economic Training curriculum to pilot this approach.


IEO Recommendation 2: IMF-supported programs should pay greater attention to supporting deep, more growth oriented structural reforms, with more effective CD support and more effective collaboration with partners – such as the World Bank – in areas outside the Fund’s core mandate and expertise.

Directors broadly concurred with this recommendation. They reiterated the need to keep structural conditionality parsimonious and prioritized in line with program objectives, and generally cautioned against veering too far out of core areas. Directors concurred on the need to assess how CD and surveillance could be better integrated with program design and implementation. While looking forward to the MIP for IMF Collaboration with the World Bank on Macro-Structural Issues, a few Directors encouraged staff and management to propose concrete steps on this matter and to review the experience with World Bank-Fund collaboration in Fund-supported programs. **The MIP envisages five actions to address this IEO recommendation, all of which remained open after the Twelfth PMR. No actions have been implemented since then.**


<p>MANAGEMENT ACTION 2.1: The revised OGN would encourage that Fund-supported programs pay greater attention to supporting deep, more growth-oriented reforms, while continuing to keep structural</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR.</p> <p>ORIGINAL TARGET DATE: By FY23-H1.</p>
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<p>conditionality parsimonious and prioritized in line with program objectives.</p> <p>1a. Explain in the revised OGN that country teams indicate in the PN the depth of each Structural Condition (SC) according to the criteria used in the past RoCs, a process which could guide staff in adequate sequencing of SCs for successful reforms.</p> <p>1b. Recommend in the revised OGN the inclusion of an annex table mapping (whenever possible) structural benchmarks with CD findings and planned CD from the Fund and other multilateral organizations or CD providers.</p>		<p>EXPECTED COMPLETION DATE: By end-CY2023.</p>
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68. The OGN will address the abovementioned issues, including the depth of structural conditions and relevant CD recommendations.

<p>MANAGEMENT ACTION 2.2: Implement the 2021 Operational Guidelines for Integrating CD with Surveillance and Lending and report on progress in the 2023 CD Strategy Review, to help ensure that CD effectively supports growth-related policies in the program context.</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR, ICD in collaboration with other CD and Area Departments.</p> <p>ORIGINAL TARGET DATE: By end-FY23.</p> <p>EXPECTED COMPLETION DATE: Early 2024.</p>
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69. The Operational Guidelines for Integrating CD with Surveillance and Lending have been integrated into the 2022 SGN to further emphasize that all country teams, including program teams, should develop a CD strategy when institutional and capacity constraints are macro-critical. When the Fund has technical expertise to address these issues, policy notes and Article IV staff reports are expected to contain a CD strategy and assessment of progress, particularly for heavy CD recipients. The guidelines are also expected to feed into the upcoming Guidance on Conditionality. Progress in implementing the guidelines will be discussed in the context of the mid-point engagement for the CDSR scheduled for December 2023, and in the formal Board meeting on the CDSR targeted for early 2024.

<p>MANAGEMENT ACTION 2.3: Implement the broad principles for coordination with the World Bank or other relevant International Financial Institutions under the Resilience and Sustainability Trust (RST), subject to the Executive Board approval of the RST and the underlying design and reform objectives.</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR.</p> <p>ORIGINAL TARGET DATE: When the Trust is operational; expected mid-FY23.</p> <p>EXPECTED COMPLETION DATE: Not indicated.</p>
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70. Staff is working on implementing the broad principles for coordination with the World Bank and other relevant International Financial Institutions. The Resilience and Sustainability Trust (RST) became operational on October 12, 2022. The RST seeks to enhance economic resilience and sustainability by supporting policy reforms that reduce macro-critical risks associated with select longer-term structural challenges and augmenting policy space and financial buffers to mitigate the risks arising from such challenges. RST loans would initially support measures addressing climate change and enhancing pandemic preparedness, given their global public good nature; other challenges could be added over time. Staff expects to finalize an agreement on the Broad Cooperation Principles on pandemic preparedness with the WB and the World Health Organization (WHO) in the near term. Regarding climate, good coordination is taking place between country teams and other institutions, such as regional Multilateral Development Banks. However, formal coordination principles have only been envisaged with the World Bank and the WHO for pandemic preparedness and with the World Bank for climate.

<p>MANAGEMENT ACTION 2.4: Review the experience with Bank-Fund Collaboration (BFC) in Fund-supported programs based on lessons from ongoing initiatives, including on growth-related issues, as part of the Board paper on the effectiveness of BFC.</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR.</p> <p>ORIGINAL TARGET DATE: By end-FY25.</p>
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71. No obstacles on the implementation of this action are envisaged at this stage.

<p>MANAGEMENT ACTION 2.5: Create an operational Guidance Gateway for staff to have access to the latest guidelines, including on collaboration with external partners, such as the World Bank.</p>	<p>Open</p> 	<p>ACCOUNTABLE: KMU, SPR, ITD.</p> <p>ORIGINAL TARGET DATE: By end-FY25.</p>
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72. No obstacles on the implementation of this action are envisaged at this stage.

IEO Recommendation 3: The Fund should continue to invest in building a toolkit of models and monitors that can be applied as a basis for analysis of the adjustment-growth relationship and for assessing growth-related development in the program context.

Directors agreed with this recommendation. They welcomed the set of already available models and encouraged staff teams to make use of them on a case-by-case basis and adapt them to better reflect country-specific circumstances. Directors agreed that investing in the Research Department's structural reform database would be helpful. **The MIP envisages six actions to address this IEO recommendation, all of which remained open after the Twelfth PMR. Two of these six actions have been implemented since then.**

MANAGEMENT ACTION 3.1:

Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis:

1a. ICD's Financial Programming Environment (FPE).

Open



ACCOUNTABLE: ICD, ITD.

ORIGINAL TARGET DATE:

By end-FY24.

73. As noted in the Twelfth PMR, ICD, in collaboration with ITD, is developing the IMFE¹⁵ project, a new analytical platform to manage macroeconomic frameworks and prepare projections. The tool will introduce built-in user-friendly capabilities to generate alternative risk and policy scenarios. In addition, the macroeconomic framework under the IMFE could be linked to a broad range of forecasting tools to ensure consistency while allowing for tailoring to country specific circumstances. The project encompasses several key stages. First, the development of the existing IMFE prototype is being finalized to ensure that it reaches its full capability. Second, the prototype will be deployed within a limited scope, allowing for testing with the participation of a small number of country teams across the Fund. Third, an assessment will be conducted to evaluate the business value and the full implementation costs of IMFE. Currently, the IMFE prototype is available upon request, and is being used in two country test cases which are in the pre-final stage. The production version is expected to be available by the end of FY24.

MANAGEMENT ACTION 3.2:

Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis:

Implemented



ACCOUNTABLE: RES, AFR.


ORIGINAL TARGET DATE:

By end-FY23.

¹⁵ The Macroeconomic Forecasting Environment (FPE) project has been renamed Integrated Macroeconomic Forecasting Environment (IMFE).


<p>1b. A beta version of the panel nowcast toolkit.</p>		
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74. RES, in collaboration with AFR, has developed a panel nowcast toolkit to address challenges stemming from lack of timely data availability for monitoring economic activity and producing reliable growth forecasts. The toolkit has been developed to provide a user-friendly excel-based interface for nowcasts of quarterly GDP growth for economies around the world, including one-third of countries that do not publish quarterly data. The toolkit is self-contained with its own user manual and is ready to be disseminated as a beta version. AFR has conducted a successful demo with the Guinea team and has received positive feedback.

<p>MANAGEMENT ACTION 3.3: Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis: 1c. A user-friendly Excel-Based interface for DIGNAD.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: RES, FAD</p> <p>ORIGINAL TARGET DATE: By end-FY23.</p>
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75. RES has developed the Debt, Investment, Growth, and Natural Disasters (DIGNAD) model to assess the macroeconomic effects of natural disasters and associated policy trade-offs in developing economies, with a focus on growth and debt. The model can be used to evaluate the outcomes of climate-related natural disasters on macroeconomic variables such as GDP and debt, conditional on a set of ex-ante structural and financial protection policies and ex-post adaptation policies. The DIGNAD toolkit, with a user-friendly Excel-based interface, was completed in the fall of 2022 and launched internally in December 2022. Since then, DIGNAD has become a workhorse model in the Fund to study the effects of climate risk due to natural disasters. Most recently, DIGNAD-based analyses were published in the Rwanda, Seychelles and Bangladesh staff reports accompanying the request for an arrangement under the RST facility. The DIGNAD toolkit and user manual has been made available to external audiences since June 15, 2023, and is hosted in the Climate Change Indicators Dashboard.

76. FAD has also developed an Excel-based macroeconomic framework to assess development strategies and the financial resources needed to achieve the Sustainable Development Goals. The framework is flexible enough to allow for an assessment of the long term-effects of policies and shocks and can be tailored to specific country circumstances. FAD worked with ITD support to develop the user-friendly online tool SDG-Fit, which is now complete.


<p>MANAGEMENT ACTION 3.4: Develop and make available to staff new analytical tools for improving growth forecasts, assessing the</p>	<p>Open</p> 	<p>ACCOUNTABLE: MCM, ITD, ICD.</p> <p>ORIGINAL TARGET DATE: By end-FY23.</p>
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adjustment-growth relationship, and conducting risk scenario analysis: 1d. Model version “GaR 2.0”.		EXPECTED COMPLETION DATE: End-FY2024.
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77. The 2.0 version of the GaR tool will improve the original GaR tool, following the comments and suggestions received from external referees. In particular, the GaR 2.0 will offer refinements in the estimation technique, more statistical options for density fit (including multimodality) and a battery of new tests for model diagnostics. The computer programs, which will support the tool, are almost entirely developed and are currently being tested using country cases. The GaR 2.0 is expected to be completed by the end of FY2024. An ICD Vulnerability Diagnostics course currently includes a module illustrating how the GaR tool can be used to assess tail risks in the real sector due to changes in financial conditions. ICD plans to update the relevant part of this course once the new version of the GaR tool is released.

MANAGEMENT ACTION 3.5: Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis: 1e. The Country Data Annex (CoDA) tool.	Open 	ACCOUNTABLE: SPR, RES. ORIGINAL TARGET DATE: By end-FY24.
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78. The Country Data Annex (CoDA) tool will help country teams assess the quality of their macroeconomic frameworks by contributing to identify large deviations and check the consistency of policy advice. RES and SPR have collaborated to create the CoDA tool, which is now ready for deployment using the existing CSD submission process. In the upcoming phase, SPR will take the lead to make the tool operational. The current plan is to operationalize CoDA by the end of FY24 and offer it to country teams to be used on a voluntary basis during the review phase of Policy Notes and Article IV reports.

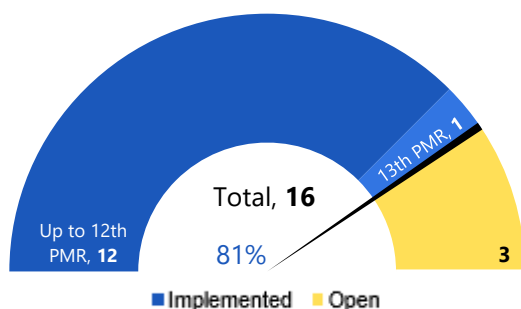
MANAGEMENT ACTION 3.6: Create a Diagnostics Gateway to improve accessibility to analytical tools and facilitate country analysis, including on growth.	Open 	ACCOUNTABLE: AFR, SPR, ITD. ORIGINAL TARGET DATE: By end-FY25.
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79. No obstacles on the implementation of this action are envisaged at this stage.

D. IMF Collaboration with the World Bank on Macro-Structural Issues (2020)

The IEO evaluation assessed IMF collaboration with the World Bank on certain macro-structural issues where the Bank has deeper experience and expertise, which are increasingly recognized as critical for achieving desired macroeconomic outcomes, such as inequality, gender, energy/climate, and macro-structural reforms. The evaluation found that overall IMF collaboration with the Bank on these issues had been broad but uneven. While informal consultation is widespread, relatively few cases of in-depth collaboration were identified. The uneven character of Bank-Fund collaboration reflected a decentralized approach on these issues adopted in pilot exercises, where teams preferred to rely on internal IMF expertise rather than seek to leverage Bank expertise or joint work. Beyond the pilot exercises, the evaluation found that the forms and effectiveness of the Fund's external collaboration varied widely across policy areas, being deeper on debt and financial sector issues, where roles are well defined and tailored frameworks have been adapted over time. Against this backdrop, the evaluation recommended that the Fund seek to develop and agree on concrete frameworks in areas where collaboration is expected to bring the greatest strategic returns (such as climate issues); improve internal incentives to collaborate and address the reluctance to engage with external partners; work with the Bank to improve access to and exchange of information and knowledge across the two institutions; and strengthen the IMF Board's strategic role in overseeing external collaboration.

Figure 7. Summary of Progress – IMF Collaboration with the World Bank on Macro-Structural Issues




In response to three recommendations in the IEO evaluation, the MIP envisaged 16 actions. A Fourth recommendation on strengthening the IMF Board's strategic role in facilitating and supporting external collaboration falls outside Fund management's purview and is expected to be addressed by setting up a Joint Liaison Committee-COGAM Forum (LCF) that will deal with collaboration between the Boards of the two institutions, including on macro-structural issues. Of the sixteen actions, four remain open after the Twelfth PMR. One of these four actions has been implemented since then.

Source: OIA

IEO Recommendation 1: The Fund should seek to develop and agree on concrete frameworks to ensure effective collaboration with the World Bank (or other relevant partner organizations) on key macro-structural issues where collaboration is judged to bring greater returns. Climate appears to be an issue particularly suited to such a framework at the current juncture, given the IMF’s growing attention in this area, and the Bank’s deep and complementary expertise.


Directors broadly supported this recommendation on select macro-structural issues where the Fund and Bank roles are complementary and collaboration is judged to bring the most strategic returns, taking into account the costs of collaboration and the availability of resources. They also agreed that the activities in the climate workstream would be a strong candidate for such a tailored framework. However, the MIP does not include a commitment to develop a concrete over-arching framework for effective collaboration with the World Bank on climate, as recommended in the evaluation. Instead, it provides for a Board paper to review the effectiveness of Bank-Fund collaboration. In the future, following a stock-taking of the experiences with Bank-Fund collaboration in the new high-priority macro-structural areas, staff will revisit the need for and the feasibility of establishing tailored institutional collaboration frameworks on climate, as well as other areas. **The MIP envisages eight actions to address this IEO recommendation, of which two remained open after the Twelfth PMR. No further actions have been implemented since then.**

<p>MANAGEMENT ACTION 1.2: Bank-Fund Strategic Coordination and Stock-Taking: Background paper in the context of the Interim Comprehensive Surveillance Review (CSR) will take stock of how the Fund has integrated select macro-structural areas (notably climate) into its surveillance, including how it has collaborated with other institutions such as the World Bank.</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR in collaboration with other departments.</p> <p>ORIGINAL TARGET DATE: By FY2024.</p> <p>EXPECTED COMPLETION DATE: By FY2025.</p>
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80. The focus of the background paper will be on progress in the implementation of actions related primarily to Bank-Fund collaboration, strategic coordination, and capacity building on climate issues. The Interim Surveillance Review is now expected to be discussed in FY25 to allow for sufficient time since the completion of the Comprehensive Surveillance Review and the issuance of the Surveillance Guidance Note.¹⁶ The background paper, which is linked to the Interim Surveillance Review, is now expected to be completed by FY25.

¹⁶ Please refer to the *Statement by the Managing Director on the FY 2024 Work Program to the Executive Board of the Executive Board*, BUFF/23/9, May 12, 2023.


81. In September 2023, ahead of the G20 Leaders’ Summit, the Fund and the Bank issued a joint statement highlighting their commitment to strengthen collaboration between the two institutions by drawing on their respective mandates and expertise and building on their long history of joint action and collaboration frameworks. The joint statement stresses the need to complement existing frameworks to further enhance collaboration, including with regards to climate change, renewed high debt vulnerabilities, digital transition, revenue mobilization, and financial and policy support to vulnerable countries.

<p>MANAGEMENT ACTION 1.3: Bank-Fund Strategic Coordination and Stock-Taking: IMF Board paper on the Effectiveness of Bank-Fund Collaboration will review experience with Bank-Fund collaboration on select macro-structural areas (notably, climate) and assess the need for tailored institutional frameworks; the effectiveness of the high-level strategic collaboration and the need for additional mechanisms; the experience with HRD guidance on improving incentives for collaboration (see Rec. 2); and the progress on information and knowledge sharing between the Bank and the Fund (see Rec. 3).</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR in collaboration with other departments.</p> <p>ORIGINAL TARGET DATE: By FY2025.</p>
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82. No obstacles on the implementation of this action are envisaged at this stage. The IMF Board paper on the effectiveness of Bank-Fund collaboration will cover these issues.

IEO Recommendation 2: The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners, given the inevitable limitations of top-down exhortations and structures in ensuring that collaboration happens at the right time in the right way.

Directors broadly concurred with this recommendation. They stressed that management should emphasize the importance of collaboration, as well as provide guidance on when and how to engage with the Bank and give better recognition of successful collaboration. A number of Directors encouraged enhancing incentives for collaborative behavior under the Integrated Competency Framework (ICF). Some Directors saw merit in fostering staff exchanges at the senior level, which should be discussed within the Fund and with the Bank. **The MIP envisages four actions to address this recommendation, two of which remained open after the Twelfth PMR. One of these two actions has been implemented since then.**

<p>MANAGEMENT ACTION 2.2: Incentives for Bank-Fund Collaboration: Review the experience with the HRD guidance on improving incentives for collaboration as part of the IMF Board Paper on Effectiveness of Bank-Fund collaboration (see Rec. 1).</p>	<p>Open</p> 	<p>ACCOUNTABLE: SPR and HRD.</p> <p>ORIGINAL TARGET DATE: By FY2025.</p>
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83. No obstacles on the implementation of this action are envisaged at this stage.

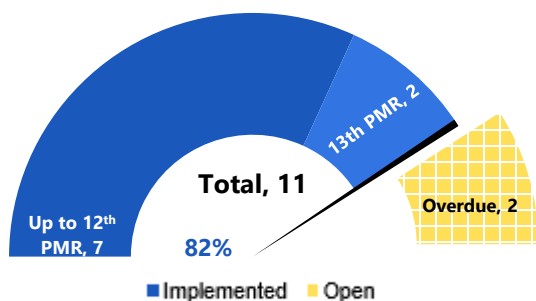
<p>MANAGEMENT ACTION 2.4: Supporting Staff Exchanges: Prepare a briefing note for managers on reintegrating staff returning from staff exchanges, including for senior staff.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: By end-FY2023.</p>
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84. The work on the briefing note for managers on reintegrating staff returning from external mobility has been completed and will be shared Fund-wide via the November edition of the HR Monthly Newsletter.

E. IMF Advice on Capital Flows (2020)

The IEO evaluation focused on the influence and added value of IMF advice on capital flows since the approval of the Institutional View on the Liberalization and Management of Capital Flows (IV) in 2012, which sought to provide a coherent framework for IMF advice in this core area. The evaluation found that the IV represented a considerable step forward, as it had endowed staff with a stronger conceptual template for engaging with country authorities on risks associated with capital flow volatility, while garnering long-term benefits from international financial integration. The evaluation also noted that, in practice, most countries' policy approaches had been in line with the IV and that in general countries had avoided using unconventional tools as substitutes for warranted macroeconomic adjustment. Notwithstanding these accomplishments, the evaluation pointed to a number of concerns about the Fund's advice on managing volatile capital flows, including with regards to the pre-emptive use of capital flow measures, making fine labeling distinctions between very similar measures that has led to disagreements with the authorities, the role of foreign exchange intervention, the use of capital account measures outside of a "crisis or imminent crisis" context, and the impact of capital flow measures on distribution and other social objectives. The evaluation also pointed to technical challenges associated with reliance on some metrics and quantification of thresholds. Against this backdrop, the evaluation recommended revisiting the IV in the light of recent experience and research; building up the monitoring, analysis, and research of capital account issues; and strengthening multilateral cooperation on policy issues affecting capital flows.

Figure 8. Summary of Progress – IMF Advice on Capital Flows




In response to four recommendations in the IEO evaluation, the MIP envisaged 11 actions, of which four remained open after the Twelfth PMR. Two of these actions have been implemented. The other two actions are overdue but progressing.

Source: OIA

IEO Recommendation 2: Build up the monitoring and research of capital account issues as part of a sustained Fund-wide medium-term agenda.

Directors broadly supported strengthening monitoring, analysis, and research of capital account issues as part of a Fund-wide medium-term agenda to help maintain the Fund as a thought leader and increase the traction of Fund policy advice. **The MIP envisaged six actions to address this recommendation, of which two remained open after the Twelfth PMR. No further actions have been implemented since then. The two remaining actions are overdue but progressing.**


<p>MANAGEMENT ACTION 2.2: Staff will brief the Executive Board on analytical work being undertaken on the interplay between capital flows, CFMs and crises.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: MCM, RES.</p> <p>ORIGINAL TARGET DATE: Q4 CY2021.</p> <p>EXPECTED COMPLETION DATE: April 2024.</p>
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85. Considering competing priorities and the staff’s workload, the Board briefing has been rescheduled as per Management’s request. This item has been merged with another Board meeting on recent analytical work on capital flow management measures (CFMs) and capital outflows. The presentation is now scheduled for April 2024. The analytical work needed for the presentation has already been completed and published.¹⁷

86. The briefing will provide an updated assessment of the use and effectiveness of inflow and outflow controls. It will discuss empirical evidence of the effectiveness of capital outflow controls in crisis and their impact on sovereign ratings, and the role that inflow controls can play to

¹⁷ Related work published recently includes “Preemptive Policies and Risk of Shocks in Markets”, IMF Working Paper, January 2022; “Capital Controls in Times of Crisis – Do They Work?”, IMF Working Paper, March 2023; and “Do Capital Controls Limit Inflow Surges?”, IMF Working Paper, March 2023.


reduce capital inflow surges. It will also elaborate on analytical work (theoretical and empirical) on the benefits of using outflow CFMs outside of crisis circumstances.

<p>MANAGEMENT ACTION 2.4: Staff will publish on the IMF external website indices of capital account openness using the AREAER database.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: MCM.</p> <p>ORIGINAL TARGET DATE: Binary and change indices by Q4 CY2021; indices also accounting for type of CFMs by Q4 CY2023.</p> <p>EXPECTED COMPLETION DATE: Binary and change indices as well as indices also accounting for type of CFMs by December 2023.</p>
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87. Work priorities delayed the completion of this project. For capital account openness, two forms of indices are expected to be available: a binary index based on existing controls and another one that also incorporates changes to controls over time. The work on these indices is now expected to be completed and published on the AREAER website in December 2023, accompanied by a Working Paper. At that time, staff is also expected to publish indices of capital account openness accounting for diversity in the type of CFMs. Over time, once these indices have been tested, staff intends to extend the dataset to cover all member countries.

IEO Recommendation 3: Strengthen multilateral cooperation on policy issues affecting capital flows.

Directors agreed with the need to strengthen multilateral cooperation on policy issues affecting capital flows, calling for close collaboration with other multilateral organizations, with due regard to their different mandates, purposes, and memberships. **The MIP envisaged four actions to address this recommendation, of which two remained open after the Twelfth PMR. These two actions have been implemented.**

<p>MANAGEMENT ACTION 3.1: Staff will brief the OECD as the review of the IV takes place and once it is completed. Following the completion of the review, staff will brief the Executive Board on the IV and the OECD Codes of Liberalization. Staff will also invite OECD staff to present their revised Codes of Liberalization at the IMF's Capital Flows Group forum and hold jointly with the</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: LEG, MCM, SPR.</p> <p>ORIGINAL TARGET DATE: Brief to the OECD – Q4 CY2021; Brief to the Board – Q4 CY2021; OECD staff presentation – Q2 CY 2021; Joint workshop – Q4 CY2022.</p>
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OECD a workshop on capital flow-related research.		
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88. As noted in the Twelfth PMR, on April 27, 2021, the Capital Flows Group hosted a presentation by the staff of the OECD Secretariat. The seminar was in response to calls by Executive Directors in the context of the IV review to better understand the OECD capital flow management framework and to the related commitment in the MIP. In addition, staff briefed the OECD on June 22, 2022, at the OECD Advisory Task Force on Codes (ATPC) meeting. The Joint-workshop on capital flows-related research was held on October 17, 2022, while the staff briefed the Executive Board on the IV and the OECD Codes of Liberalization on September 12, 2023. Meanwhile, a presentation to the International Financial Architecture (IFA) Working Group on the IV and the OECD Codes took place on September 22-23, 2022.

MANAGEMENT ACTION 3.2:	Implemented	ACCOUNTABLE: LEG, MCM, SPR
Staff will present a proposal through a Board paper to consider the use of the assessment letter framework to respond to OECD requests for information.		ORIGINAL TARGET DATE: Q1 CY2022.



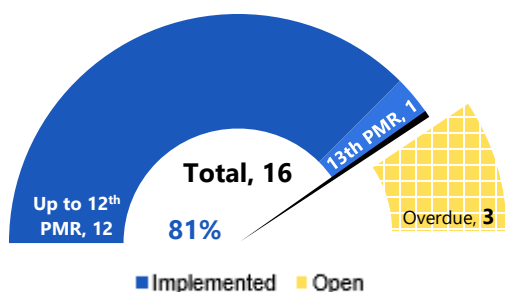
89. Following delays due to competing priorities, in an informal Board meeting in September 2023 staff discussed the feasibility of using an amendment to the current assessment letters policy to cover the OECD. As noted in the previous PMR, recent amendments to the OECD's Codes of Liberalization envisage that the OECD may ask for the Fund's view on "any questions relating to the balance of payments and the state of the monetary reserves of a member" and on "any questions relating to the liberalization of capital movements". The Board briefing on the IV and the OECD Codes of Liberalization referred to above, which took place on September 12, 2023, also discussed modalities for enhanced engagement with the OECD. The assessment letter framework was considered by IMF staff as an option to respond to requests from the OECD. However, staff noted that such framework could only be used for some country-specific inquiries but was not well suited to more general issues; that it would not facilitate technical dialogue between staff, and that under current policy, assessment letters were issued in the context of financing requests. Staff proposed a more flexible approach covering a wider range of issues with flexibility depending on the subject. One modality proposed by staff for responding to requests for consultation/views by the OECD Investment Committee was to respond at the staff level. Staff would consult with IMF Management, if needed; would not share assessment of the CFMs that have not been discussed by the Board; and would avoid preempting Board views on policy issues that have not been discussed by the Board.

F. IMF Financial Surveillance (2019)

The IEO evaluation found that the many initiatives that had been put in place in response to the global financial crisis had delivered a substantial upgrade of the Fund's financial surveillance work. The special attention given to systemically important financial sectors in the FSAP

has provided high-quality assessments; the Fund has contributed by developing new diagnostic tools and exploring new policy approaches; and Article IV surveillance has stepped up attention to macrofinancial linkages. While recognizing these achievements, the evaluation noted that the quality and impact of the Fund's financial surveillance had been uneven. In particular, there was a need to further strengthen financial and macrofinancial analysis in Article IV consultations, including through closer integration with the FSAP; to increase the traction of multilateral surveillance through greater rigor and transparency, including by strengthening the Fund's contribution to the global regulatory agenda in its areas of expertise; and to intensify the Fund's efforts to become a global center of excellence on financial and macrofinancial research. The latter requires expanding research on issues within the Fund's comparative advantage, enhancing tools, and further developing financial expertise among staff. The evaluation also recommended that the Fund give consideration to increasing the resource envelope for financial surveillance in order to meet its goals and mandate.

Figure 9. Summary of Progress – IMF Financial Surveillance



In response to six recommendations in the IEO evaluation, the MIP envisaged 16 actions, of which four remained open after the Twelfth PMR. Since then, one action has been implemented. The other three actions remain overdue; progress has been limited.

Source: OIA

IEO Recommendation 4: Enhance the IMF’s analytical tools and strengthen efforts to be a global center of excellence on financial and macrofinancial research.

Directors supported the recommendation to continue to enhance the Fund’s analytical tools to improve the understanding of macrofinancial linkages. They considered that exchange of views between the Fund and major central banks, as well as developing simplified tools and increasing internal outreach, is helpful to this purpose. **The MIP envisaged five actions, of which one remained open after the Twelfth PMR. This action has been implemented.**

MANAGEMENT ACTION 4.3:

To enhance the IMF’s analytical tools: Roll out an upgraded version of the corporate vulnerabilities surveillance tool that expands country and firm coverage vis-à-vis the current version.

Implemented



ACCOUNTABLE: RES.

ORIGINAL TARGET DATE:


By April 2021.

90. RES has developed a new set of monthly indicators for corporate vulnerability – measuring corporate distance to insolvency (DI) from 1978 to the present. The data on the new


corporate vulnerabilities indicators along with a paper explaining the methodology are posted in the RES Macro-Financial Division’s website. One main advantage of DI compared to alternative measures of corporate vulnerability is its minimum data requirements. It only requires data on equity prices but does not need accounting of market value information for the assets or liabilities of firms. Therefore, DI can be computed for a larger set of firms, a large sample of countries, and a long period using historical data. The new set has a broader country coverage than the Corporate Vulnerability Unit (CVU) (89 countries compared with 71 for the CVU) and a longer time coverage, which has been extended from 1990 to 1978 through the present. The new indicators are also available with a monthly frequency, compared with an annual frequency for CVU indicators.

IEO Recommendation 5: Intensify efforts to attract, develop and retain a deeper pool of financial talent, as well as to ensure that area department fungible macroeconomists have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations.


Directors underscored that it was critical to ensure that country teams have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations. They noted that targeted enhancements from the HR Strategy can help ensure that Fund staff develop the expertise needed for effective macrofinancial surveillance. **The MIP envisaged five actions, of which three remained open after the Twelfth PMR. These three actions are overdue and limited progress has been made.**

<p>MANAGEMENT ACTION 5.1: Brief the Executive Board on the HR strategy, including on the ongoing workforce analysis for financial sector experts.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: by January 2020.</p> <p>EXPECTED COMPLETION DATE: End-FY2024.</p>
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91. As noted in the previous PMR, since the last dedicated HR Strategy Board update in November 2019, the Board has been informed of progress on actions across various areas covered in the Strategy. These have included information on fungible macroeconomist career paths and the talent inventory in the context of the discussion on LICs/FCS, and Enhanced Performance Management in the context of the 1HR rollout. Moreover, the Workforce Analysis Note for financial sector experts was completed in FY23 and discussed with representatives from several departments and the Staff Association Committee. Looking forward, the new database being developed by HRD will allow for further refinements and update of staff with macrofinancial experiences, enabling a more robust analysis of financial sector talent among fungible macroeconomists. As noted earlier, this process is expected to be completed by end-FY24. Although a precise date has not yet been determined, another Board update on the HR Strategy is likely to take place in early CY24. The update would focus on the progress made on the identification of macrofinancial skills and experiences in the Fund, the WFP tool, and the talent inventory.

<p>MANAGEMENT ACTION 5.3: Complete an enhanced talent inventory of staff to include talent profiles for financial sector experts and data on macrofinancial (and other) experiences of fungible macroeconomists.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: by November 2020.</p> <p>EXPECTED COMPLETION DATE: End-FY2024.</p>
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92. Progress has been slow on the completion of the enhanced talent inventory for macro financial experience given the voluntary nature of the exercise. The technology to facilitate an enhanced talent inventory of staff, including talent profiles for financial sector experts and data on the experiences of fungible macroeconomists, has been rolled out with the implementation of Workday. Completion of the career profile by staff is voluntary, but it is a requirement to apply for vacancies, mobility, promotion and other talent activities. The talent inventory uses information from the system such as mission travel or departmental tenure, with self-identified information on an as needed basis. At the departmental level, HRD has prioritized monitoring of completion by A14 fungible macroeconomists, including compliance with LIC/FCS service requirements. The assessment of LIC-FCS experiences for A14 fungible macroeconomists was completed in April 2022, and those assessments are now updated regularly for A13 (annually) and A14 (quarterly) fungible macroeconomists. As noted earlier, by end-FY24 HRD expects to complete the monitoring of fungible macroeconomists with macrofinancial experience. HRD is analyzing the lessons learned from these exercises and will consider expanding the approach to include fungible macroeconomists in other areas. The experience so far with the macrofinancial exercise shows that the data obtained from tenure in MCM and participation in financial sector missions has been more useful in determining macrofinancial experience than the information provided by staff in Workday.

<p>MANAGEMENT ACTION 5.4: Publish implementation details of the new HR strategy, which will include strategic workforce planning supported by a talent inventory of staff (with expertise profiles, including macrofinancial), a career mobility framework, and an expert track.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: By April 2022.</p> <p>EXPECTED COMPLETION DATE: May 2025.</p>
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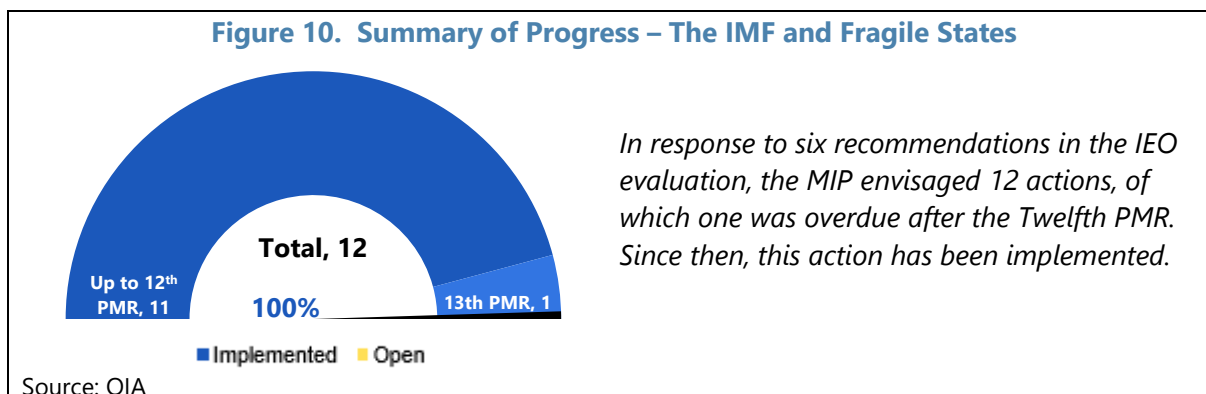
93. Most parts of the HR strategy have already been published, while the remaining work will be published in the future after completion. Published parts of the strategy include the Enhanced Performance Management Approach (May 2019); the new Job Family and Career Framework designed to support career development, which comprises an updated job architecture, an Integrated Competency Framework, and Career Playbooks to help staff navigate their careers and explore development options (July 2020); Leadership Development and Career Succession; the Fungible Macroeconomist Career Path and Mobility Framework, which introduced revised policy

requirements for fungible macroeconomists for promotions from A14 to A15 starting July 2023 (e.g., country team or equivalent experiences in low-income countries and/or fragile states); the official launch of the Workforce Planning Tool in Adaptive using Workday Data and the user Guide for Workforce Planning (Budget and HR teams; May 2023); and most of the Workforce Analysis Notes for Specialist Economists. As noted in the analysis on the *MIP in response to the IEO Evaluation of the IMF and Capacity Development*, the work on developing an Expert Track has been delayed because of HRD's other institutional priorities; HRD plans to re-scope/recalibrate the work on developing the Expert Track, which is now expected to be completed by May 2025.

G. The IMF and Fragile States (2018)


The IEO evaluation found that the IMF has made important contributions in fragile states by helping to restore macroeconomic stability, build core macroeconomic policy institutions, and catalyze donor support, but it also considered that the Fund's approach to fragile states seemed conflicted and that the outcomes from its engagement fell short of its full potential. In particular, the evaluation noted that the IMF's efforts at adapting policies and practices to the special situation of fragile states had not always been sufficiently bold or adequately sustained. Against this background, the evaluation found scope for the IMF to provide a strong public signal of its commitment to work on fragile states; create institutional mechanisms to promote its work and coordinate it internally and externally; and develop individual country strategies that integrate the roles of policy advice, financial support, and capacity building in fragile states. It also recommended improving the adequacy of its financing instruments; enhancing the delivery of its capacity development support; strengthening the IMF's teams working on fragile states; and seeking pragmatic ways to increase its presence on the ground in risk-locations, while minimizing the risk exposure of staff.

Figure 10. Summary of Progress – The IMF and Fragile States



IEO Recommendation 3: Develop forward looking, holistic country strategies that integrate the roles of policy advice, financial support, and capacity building as part of the Article IV surveillance process.

Directors broadly endorsed this recommendation and stressed that the requirements for such strategies would need to be flexible and adaptive to avoid being a bureaucratic administrative requirement and should not overburden the Article IV process. ***The MIP envisaged one action which was overdue after the Twelfth PMR. This action has been implemented.***

<p>MANAGEMENT ACTION 3.1: Area department FCS country teams to prepare as part of staff reports for Art. IV and new program requests a succinct country engagement strategy that discusses country fragility, surveillance, and CD priorities, and, if applicable, the complementary role for Fund financial support.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: Area Departments (monitored by SPR).</p> <p>ORIGINAL TARGET DATE: Starting from Q1 2019.</p>
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94. The FCS Strategy proposes ways to implement the CES in FCS and gives broad guidance in this area. The FCS Strategy indicates that the CES will provide the critical context for the policy advice and reform strategy underpinning the Fund’s engagement with FCS on surveillance, CD delivery, and lending.

95. A Staff Guidance Note on the Implementation of the FCS Strategy was issued in March 2023 to support the CES roll-out, providing further details on operational aspects as well as the basis for considering this action as implemented. The Guidance Note indicates that Area Departments will lead the preparation of CES with inputs from Functional Departments. CES will identify the main fragility and/or conflict drivers and constraints to reform, including governance and corruption challenges, and will outline the long-term macroeconomic policies needed to exit fragility as well as the top strategic priorities for CD support. Staff should use CES to (i) better tailor Fund engagement to local FCS conditions; (ii) support the integration of surveillance, CD, and lending; (iii) inform program design and conditionality; and (iv) inform dialogue with country authorities and partners.

96. The preparation of the CES will result in two output documents. First, an Expanded CES is developed for Area Departments internal use only. The Expanded CES will not undergo the interdepartmental review process but will benefit from inputs from Functional Departments. Upon completion, the Expanded CES will be approved by the Area Department Front Office and be classified as confidential. While the Expanded CES will be used for internal purposes only, staff should – to the extent possible – engage with authorities during the preparation process. Second, for each new or updated Expanded CES, staff will prepare a 2–3-page summary that will synthesize the findings of the full report and will be subject to formal interdepartmental review – this will be considered the official CES. Once approved following the interdepartmental review process, the CES will be incorporated as an Annex in the relevant Policy Notes (for approval) and Staff Reports (e.g., Article IV, SMP, or program document – for dissemination to the Board). The Guidance Note indicates that the CES should provide a candid assessment to motivate and clearly indicate the roadmap for Fund engagement in the coming years. It should also include a brief section on CD, in line with the SGN.

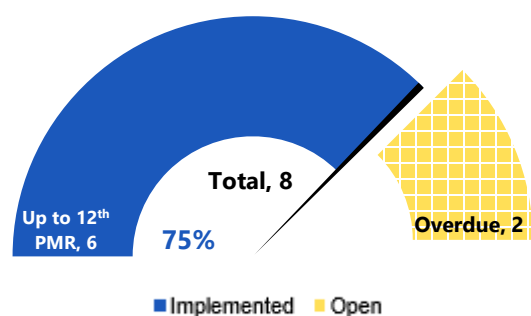
97. The implementation of CES is on track and CES findings are informing policy advice, tailored CD, and program engagement. In FY23, six CES were completed (South Sudan, Guinea

Bissau, Zimbabwe, Somalia, Yemen, and Iraq) and published in Article IV and/or program review reports. Together with seven CES completed as pilots following the 2018 IEO report, staff completed a total of 13 CES as of FY23. For FY24, about seven additional CES are in the pipeline – Comoros, Congo Republic, Mali, Mozambique, Solomon Islands (completed), Lebanon, and West Bank and Gaza. While the timeline depends on conditions on the ground, the new SGN is helping advance the CES rollout. CES are required for all economies present on the FCS list, which is updated annually. However, countries newly added to the Fund’s FCS list following the alignment of the Fund’s FCS classification methodology with that of the World Bank will need to remain on the list for two consecutive years for the CES requirement to enter into effect.

H. The IMF and Social Protection (2017)

The IEO evaluation found that the Fund had stepped up its attention to social protection, but also indicated that its level of engagement varied across countries and that implementation outcomes had been mixed. While engagement in some countries was deep, covering different activities (bilateral surveillance, technical assistance, and/or program work) and involving detailed analysis of policy options and distributional impacts, engagement in other countries was more limited, with little detailed analysis or follow-up. This varied treatment, particularly in surveillance, seemed to partly reflect the lack of a uniform view among staff on the IMF’s role in social protection and the work they were expected to do in this area. The evaluation noted that in the program context, the IMF almost always took account of social protection concerns, but with mixed success in implementation. While this outcome partly reflected capacity constraints and differences in country commitments, sometimes the authorities also viewed the Fund as insufficiently attuned to local conditions. Against this background, the IEO evaluation recommended that the Fund establish a strategic framework to guide its work on social protection, provide tailored policy advice, and adopt more effective approaches for program design and conditionality. The evaluation also found scope for strengthening the IMF’s collaboration with other developing partners and enhancing external communications regarding its approach to social protection and its boundaries for involvement, given its mandate and limited resources and expertise.

Figure 11. Summary of Progress – The IMF and Social Protection




In response to five recommendations in the IEO evaluation, the MIP envisaged eight actions. Two of these actions were overdue as of the Twelfth PMR. Since then, no further actions have been implemented.

Source: OIA

IEO Recommendation 1: Establish a clear strategic framework to guide the Fund’s involvement in social protection.


Directors agreed on the need to establish a clear strategic framework to guide the Fund’s involvement in social protection. This framework could be set out in a Board paper that would delineate the scope, objectives, and boundaries of the Fund’s engagement in social protection.

The MIP envisaged three actions, of which two were overdue after the Twelfth PMR. Since then, no further actions have been implemented.

<p>MANAGEMENT ACTION 1.2: Staff will issue a follow-up guidance note to support the strategic framework for social protection.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: FAD and SPR.</p> <p>ORIGINAL TARGET DATE: End-2019.</p> <p>EXPECTED COMPLETION DATE: End-FY24.</p>
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98. As noted in the previous PMR, the Guidance Note (GN) to assist with the implementation of the strategy for social protection will be completed after a series of background papers are finalized. Sectoral background papers on pensions, social safety nets, and health spending have been completed, while the final background paper on education spending is well underway and would be finalized by end-FY24. Meanwhile, work on the GN has started and is expected to be completed by the end of FY24. The GN will rely on the content of the four background papers and will support staff in deciding when and how to engage on social spending issues in different country settings.

99. The delays in completing the GN are mostly related to the reallocation of resources to provide immediate assistance on social spending to country teams and to support other priorities in the context of the COVID-19 pandemic (e.g., surge in emergency lending, analysis of COVID impact). Nevertheless, FAD has continued to provide support to country teams on social spending in the context of the review process and in September 2020 issued a note on “How to Operationalize IMF engagement on Social Spending During and After the COVID-19 Crisis”.

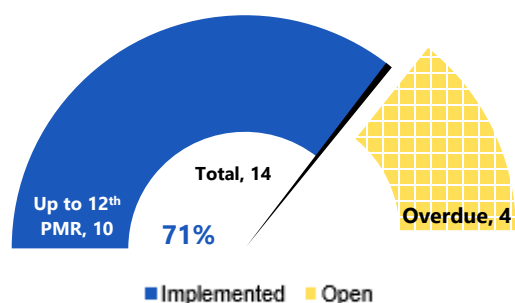
<p>MANAGEMENT ACTION 1.3: An advisory group will be formed after issuance of the guidance note to provide support to country teams in operationalizing work on social protection.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: FAD.</p> <p>ORIGINAL TARGET DATE: After issuance of the guidance note in 2020.</p> <p>EXPECTED COMPLETION DATE: End-FY24.</p>
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100. The scope of the work of the Inequality Advisory Group chaired by FAD and AFR, which was established in September 2019, is expected to be broadened to include social spending issues. The Inequality Group was created to support country teams on inequality issues and facilitate collaboration with internal and external experts. Staff plans to leverage on the existing Group to monitor and report on progress, including on social spending issues, and more generally on social inclusion issues (e.g., redistributive taxation, financial inclusion). To that end, the scope of the Group's terms of reference will be broadened. Moreover, following the publication of the Guidance Note by the end of FY24, a dedicated group within FAD will continue to support country teams in operationalizing work on social spending in the context of the standard review process. Staff is of the view that creating an additional advisory group to complement the review process risks generating duplications and uncertainties.

I. Behind the Scenes with Data at the IMF (2016)

The IEO evaluation found that noteworthy progress had been made with data at the IMF – particularly with countries' provision of data to the Fund and internal data management – but that important obstacles to reform had yet to be tackled. Problems with data or data practices had, at times, adversely affected the IMF's surveillance and lending activities. The report advocated, first and foremost, that the Fund should design and implement a long-term overarching data strategy going well beyond data management and recognizing data as a strategic institutional asset. It also made other recommendations, which included: define and prioritize the IMF's data needs; reconsider the role and mandate of the IMF's Statistics Department (STA); reexamine staff incentives; and make clear the Fund's responsibility regarding the quality of the data it disseminates.

Figure 12. Summary of Progress – Behind the Scenes with Data at the IMF




In response to five recommendations in the IEO evaluation, the MIP envisaged 14 actions, of which 4 were overdue as of the Twelfth PMR.¹ These actions remain overdue, but nevertheless making progress.

Source: OIA

¹ Of the original 18 actions, four were reformulated and are discussed below under the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in MIPs.

IEO Recommendation 2: Define and prioritize the Fund’s data needs and support data provision by member countries accordingly.

Directors agreed with this recommendation. They stressed that the Fund’s minimum data requirements should be carefully prioritized taking into account the benefits and costs of additional data requests, as well as any budgetary implications for the Fund. They encouraged the staff to make full, and more innovative, use of data already publicly available, and to leverage data produced by other institutions. ***The MIP envisaged four actions, of which one was overdue after the Twelfth PMR. This action remains overdue but nevertheless making progress.***

<p>MANAGEMENT ACTION 2.4:</p> <p>The review of the Standards and Codes Initiative will aim to strengthen its integration with Fund surveillance and CD activities. In this regard, the new data quality module in the revised Data Report on the Observance of Standards and Codes (ROSC) will help guide future CD and methodological work with member countries to facilitate data provisioning to the Fund.</p> <p><i>A revised DPF Guidance Note, following the Review of the DPF, will operationalize the New Assessment of Data Adequacy for Surveillance.</i></p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: SPR, STA.</p> <p>ORIGINAL TARGET DATE: FY18.</p> <p>EXPECTED COMPLETION DATE: Early 2024.</p>
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101. While the review of Data Provision to the Fund for Surveillance Purposes (DPF) has not yet been completed, in March 2022 the Board endorsed staff proposals on a new framework for assessing data adequacy for surveillance. Staff has been working to revise some of the DPF proposals which were more controversial among Board members, especially some provisions on foreign exchange intervention and the public finances, while keeping the proposals on the data adequacy assessment unchanged given the strong endorsement by the Board. In May 2023, staff held a productive technical session to answer Executive Directors’ questions and remaining concerns regarding the proposed new requirements. Consideration by the Board of the revised DPF review paper is currently planned for early 2024. An informal-to-engage meeting is scheduled for late October 2023. Following the Review of the DPF, staff will update and publish the DPF guidance note.

102. At the same time, staff has decided to separate the approval of the new Data Adequacy Assessment (DAA) framework from the DPF. To that end, a separate internal Technical Note for country teams will support the implementation of the new DAA. Staff has already prepared the Technical Note, which was circulated to departments in mid-January 2023, and has incorporated their comments. A separate Board paper is scheduled to be circulated to the Board for lapse-of-time

approval in October 2023. The rollout of the new DAA for all Article IV consultations is planned for early February 2024.

IEO Recommendation 3: Reconsider the role and mandate of the Statistics department.

Directors supported the thrust of this recommendation, noting that STA is already devoting more attention to the provision of services to the Fund, and looked forward to continued progress and closer collaboration with area departments. **The MIP envisaged six actions, of which one was overdue after the Twelfth PMR. This action remains overdue, but nevertheless continues to make progress.**

<p>MANAGEMENT ACTION 3.4: STA will engage in a more pro-active and structured consultation with area departments on methodological work to support surveillance priorities for LICs. Enhanced guidance will be provided for compiling data on LICs. <i>STA will be issuing revised Statistics Manuals (a medium-term project) to provide international methodological guidance for the national accounts and the balance of payments, which will include specific considerations for LICs.</i></p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: STA.</p> <p>ORIGINAL TARGET DATE: Not indicated.</p> <p>EXPECTED COMPLETION DATE: CY25.</p>
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103. The methodological manuals for each macro-statistics domain covered by STA are a means to support surveillance priorities for LICs. In the same vein, STA’s extensive online training programs, upgrades to the existing courses, and new courses on emerging topics such as digitalization and climate, which have been developed in recent years, are also an important part of the strategy to support the development of data in LICs.

104. Significant progress continues to be made in updating the Balance of Payments and International Investment Position Manual (BPM6) as well as the 2008 System of National Accounts (SNA) to better address the methodological issues for supporting the Fund’s surveillance needs, including in LICs. Both processes are on track for the release of the updated manuals in the Spring of 2025. These updated statistical methodologies will be expanded to better account for digitalization, globalization, economic implications of climate change, well-being, external sustainability, and the informal economy. They will therefore support the work and key priorities identified in the Comprehensive Surveillance Review. The work program for the update of these manuals follows a three-pronged approach: (i) undertaking technical research on prioritized issues; (ii) engaging in a broad consultation with key users, including Fund Departments and compilers on the thematic areas; and (iii) ensuring overall consistency across the system of economic statistics. To date, more than 80 guidance notes have gone through global consultation and have

been updated to incorporate the comments of member countries and other stakeholders with a significant number of those notes having been authored by Fund staff. For information, a Board update was conducted in May 2022.

105. Outreach to compilers, including LICs, began in the fall of 2023, with the aim of raising global awareness, engaging with countries, explaining the proposed changes, collecting input from compilers, and discussing implementation plans. The outreach strategy is organized in two rounds of regional seminars, with the first round being virtual and the second one in person. The target audience will be external sector statistics and national accounts compilers for both rounds, and senior officials (e.g., heads of statistics or policy and research departments) for the second one. The first round of virtual seminars will take place from September 2023 through February 2024 after the full annotated outline of BPM7 is published. The second round of in person seminars is planned to kick off in the last quarter of FY2025, following the finalization of BPM7 and the 2025 SNA.

106. Several staff members from other Fund Departments have been directly involved in the updates to the international statistical standards, and Fund-wide consultations have been conducted on a range of topics, including crypto assets and net international reserves. To keep IMF staff up to date on progress with the updated standards, STA will engage in further in-reach events to explain forthcoming changes to desk economists.

107. Digitalization is growing at varying paces, bringing efficiencies in activities such as transportation, fintech and digital money – and posing measurement challenges. Moreover, climate-change related indicators will become very relevant for LICs with climate-related risks. To better assist these countries, STA is expanding the training course content to offer in-person courses on measuring the digital economy and compiling macro relevant environment and climate change statistics.

IEO Recommendation 4: Re-examine the staff’s structure of incentives in the area of data management.

Directors supported this recommendation and welcomed the work underway to strengthen staff incentives and accountability for data management and the IEO’s suggestions. Directors also supported a review of the incentives for staff to candidly assess and discuss data issues in Article IV and FSAP reports where weaknesses in data quality could significantly hamper surveillance. **The MIP envisaged six actions, of which one was overdue after the Twelfth PMR. This action remains overdue but nevertheless continues to make progress.**

MANAGEMENT ACTION 4.2:

Unify area department data management guidelines.

Overdue but progressing



ACCOUNTABLE: STA, Area Departments.

ORIGINAL TARGET DATE:


Not Indicated.

		<p>EXPECTED COMPLETION DATE: Late FY24.</p>
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108. Work on unifying area department data management guidelines is a continuous activity under the aegis of the Data Governance Group (DGG). As noted in the previous PMR, during the preparation of its FY20 work program, the DGG considered unifying data management guidelines as an important long-term goal but also recognized this objective as too broad and not easily monitorable. Therefore, the DGG agreed to break down the activities leading to unification as a multi-year objective, with substantive front-loaded milestones. An important achievement in this respect has been the finalization of a core metadata model for economic and financial data, which constitutes the reference model for the IMF’s data management and dissemination modernization project (iData). For FY24, the work program of the DGG comprises new activities to improve data management practices in the Fund, including (i) aligning metadata fields in DMXe with the core metadata schema; and (ii) identifying and promoting best practices and common principles in data management guidelines used by area departments. The objective is to use the metadata model in iData for internal and external dissemination by late FY24.

IEO Recommendation 5: Make clear the limits of IMF responsibility regarding the quality of disseminated data and clarify the distinction between “IMF data” and “official data”.

Directors supported this recommendation and agreed that the distinction should be clarified between “IMF data,” used for Fund surveillance (such as Article IVs), and “official data,” which are official statistics provided by authorities to STA that are not vetted by the Fund. A few Directors felt that such distinctions would do little to change perceptions, underscoring the importance of building members’ capacity to produce high-quality data. **The MIP envisaged one action, which was overdue after the Twelfth PMR. This action remains overdue but nevertheless making progress.**

<p>MANAGEMENT ACTION 5.1: Building on the implementation of the previous recommendation, a plan will be developed to clarify the distinction between “official statistics” and data used by area and functional departments in surveillance activities. <i>[A revised DPF Guidance Note, following the Review of the DPF, will clarify expectations of staff with respect to the sources of data and estimates used by the Fund in surveillance activities.]</i></p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: STA, SPR, LEG.</p> <p>ORIGINAL TARGET DATE: September 2017.</p> <p>EXPECTED COMPLETION DATE: FY24.</p>
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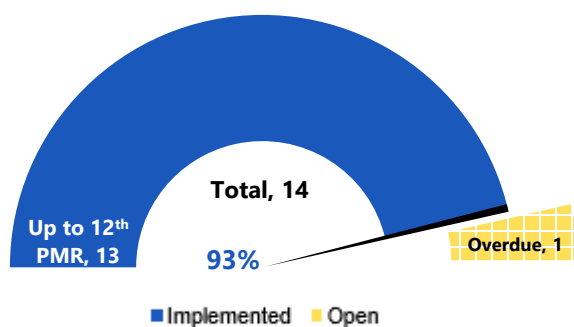
109. The completion of the DPF Review in early 2024 will anchor the production of the Guidance Note for Data Provision to the Fund for Surveillance Purposes. The DPF Guidance Note, which will be prepared by SPR, LEG and STA, will support the implementation of the new adequacy framework and improve the overall strategic coverage of statistical issues, including the identification of official data versus staff estimates.

110. For Country Surveillance Data (CSD), the WEOCSD team has continued to check submissions by country desks to ensure that the requirement to identify sources of historical data in the metadata field for all indicators is met. The team reports compliance to area department representatives. In addition, STA’s strategic review of flagships covers the proper identification of data sources, including the use of Third-party indicators. The Tenth Review of Fund Data Standards Initiatives introduced an update regarding official metadata by establishing biennial certification of all e-GDSS countries. STA has also implemented a “derivation” data type as a new metadata attribute in iData, which distinguishes between IMF estimates, calculations, and official statistics. The vocabulary has been defined and validated by stakeholders across the Fund as part of the data governance efforts. This data type will be leveraged to create source citations for IMF published data.

J. The Role of the IMF as Trusted Advisor (2013)

The IEO evaluation found that the Fund’s image had improved in the aftermath of the financial crisis, and was perceived as more open, flexible, and responsive. The evaluation emphasized the importance of the quality of advice and the relationship between staff and country authorities in achieving traction and becoming a trusted advisor. It further noted that additional efforts were needed to enhance the value and relevance of policy advice, strengthen the continuity of relationships, and address concerns about the perceived lack of evenhandedness.

Figure 13. Summary of Progress – Role of the IMF as Trusted Advisor




In response to six recommendations in the IEO evaluation, the MIP envisaged 16 actions, of which one is overdue and has been extended by the Board for five additional cycles of PMR monitoring.¹

Source: OIA

¹ Of the original 16 actions, two were reformulated and are discussed below under the *Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in MIPs*.

IEO Recommendation 2: Strengthen the continuity of the relationship between the Fund and member countries.

Many Directors did not support the development of medium-term strategic plans, which would introduce more bureaucratic processes. A number of Directors agreed on the need to develop incentives for staff to better act as a trusted advisor, while a few others were concerned about how such incentives might affect the independence of staff advice. A number of Directors emphasized the importance of lengthening staff country assignments, and a number of others called for increased staff diversity. **The MIP envisaged six actions, one of which was overdue after the Twelfth PMR. In February 2020, monitoring of this action was extended for five additional PMR cycles.**

<p>MANAGEMENT ACTION 2.2: Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels.</p>	<p>Overdue but progressing</p> 	<p>ACCOUNTABLE: HRD (with others).</p> <p>ORIGINAL TARGET DATE: Steps began in 2013.</p>
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111. Increasing the representation of diverse staff is an ongoing matter and cannot be considered a “once and done” initiative. The implementation status of “Overdue but progressing”—which has been retained to support consistency in PMR classification approach—may not adequately capture the continuous and incremental nature of the institutional efforts in making progress on The Fund’s diversity targets and increasing the representation of diverse staff which is an ongoing matter and cannot be considered a “once and done” initiative. From the time steps to address this action were initiated in 2013, diversity benchmarks were revised upward two times, and many of the previous benchmarks were met. A history of the benchmarks, which were first set in 2003, shows incremental increases in the targets to be achieved as well as an expansion of the coverage of benchmark groups.

112. The 2025 Diversity Benchmarks Working Group (WG) created in September 2019 assessed progress against the 2020 Diversity Benchmarks, formulated the new 2025 Benchmarks, and recommended policy solutions. In January 2022, the Executive Board discussed the *FY2020-FY2021 Diversity and Inclusion Report*, which included an overview at end-FY2021 of the status against the new FY2025 benchmarks. The report revealed that progress had been made in 5 of the 8 benchmarks, including at the individual contributor level (A9-A14/15) staff from URRs. At the managerial level (A14/15-B5), the new benchmark framework increased the targets for both the representation of women and URRs. Although at end-FY2021, the Fund was considerably below the managerial benchmarks across the board, there had been sustained progress in the share of women in these roles, with an even stronger performance at the most senior levels (B4 and B5). Regarding recruitment, success in diversity recruitment had been uneven. In mid-April 2022, the Board

considered the paper on “Staff Recruitment and Retention Experience in CY2021”. The Report noted that the overall share of women hired at the A9-B5 level in CY2021 was about 40 percent, similar to CY2020, while the share of URR hires had increased, reflecting enhanced efforts at sourcing, especially through the mid-career economist program, with progress being made across all three URR regions.

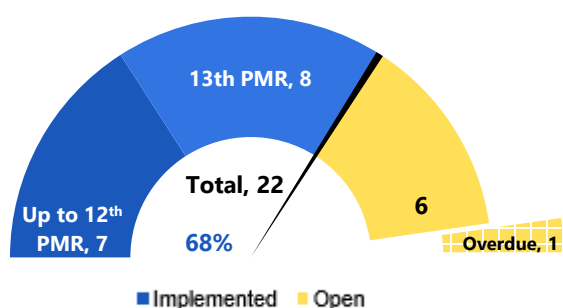
113. The last update on Diversity and Inclusion, which was sent to the Executive Board in late January 2023, showed continued but uneven progress in moving towards the FY2025 stock benchmarks. Specifically, when comparing the situation as of end-October 2022 with one year earlier, progress had been made in 6 of the 8 stock benchmarks, including three benchmarks at the individual contributor level from East Asia and MENA+, and for women in this role. The benchmarks at the individual contributor level for East Asia and Sub-Saharan Africa were already achieved, but progress for MENA+ continued to be challenging, notwithstanding the improvement. At the managerial level, although the Fund remained below the managerial benchmarks across the board (share of women and representation from URR in East Asia, MENA+ and Sub-Saharan Africa), there had been further progress in the share of women and in the representation from East Asia and Sub-Saharan Africa. The shares of women in individual and managerial roles increased to 41.2 percent and 35.3 percent, respectively, at end-October 2022, compared with benchmark targets for FY2025 of 45 percent and 40 percent, respectively. Regarding recruitment, the indicators also showed improvements at the individual contributor level in the share of women and MENA+ nationals recruited for the period November 1, 2021–October 31, 2022, relative to the same period one year earlier. These figures, however, still remained below the recruitment benchmark targets. Diversity trends in promotions for FY2022 showed that non-URR women and URR men were promoted significantly faster than non-URR men, and that diversity policies had not lifted promotion rates of URR women when performance was controlled for. The update concluded that these developments raised challenges related to intersectionality, with large differences in promotion rates for some groups, and called for a deeper analysis.

114. In addition to the Board updates, progress against the D&I benchmarks is now available to the whole Fund in Workday via the Diversity Benchmarks Dashboard. Updated data from the dashboard as of end-July 2023 show that progress had been made relative to end-October 2022 towards meeting most 2025 stock benchmarks. At the individual contributor level, the benchmarks for East Asia and Sub-Saharan Africa nationals were achieved but meeting the benchmark for MENA+ remained challenging. In fact, following the progress made over the year ended October 2022, no further improvement was recorded in this category through July 2023. At the managerial level, as of end-July 2023 the Fund remained below the managerial benchmarks across the board. Relative to the situation as of end-October 2022, there was progress at the managerial level for East Asia nationals, and the representation of women at the managerial level improved slightly. The share of women in individual and senior officer roles reached 41.5 percent at end-July 2023, increasing slightly relative to end-October 2022, while the share of women in managerial roles also improved to 35.7 percent, from 35.3 percent at end-October 2022. The Board discussion on the 2022–2023 Diversity and Inclusion Report is scheduled for early 2024.

K. Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (2022)

In line with the proposal in the Categorization Paper, the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in MIPs reformulated eight off-track actions, which correspond to five IEO recommendations under four MIPs. Specifically, the new MIP reformulated four actions under the Evaluation on Behind the Scenes with Data at the IMF; two actions under the Evaluation on the Role of the Fund as Trusted Advisor; one action under the Evaluation on IMF Forecasts: Process, Quality and Country Perspectives; and one action under the Evaluation on Research at the IMF: Relevance and Utilization. Directors stressed that the reformulation should tackle the root causes of the implementation challenges, while being "SMART" (specific, monitorable, achievable, relevant, and timebound) and meet the thrust of the underlying IEO recommendations. The reformulation resulted in 22 new actions, of which 15 remained open after the Twelfth PMR.

Figure 14. Summary of Progress – Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans



In response to five recommendations in the IEO evaluations, the MIP envisaged 22 new actions, of which 15 remained open after the Twelfth PMR. Since then, 8 of these actions have been implemented. One of the 7 remaining actions is overdue but progressing.


Source: OIA

IEO Recommendation 1: Strengthen the continuity of the relationship between the Fund and member countries (IEO Evaluation on The Role of the Fund as Trusted Advisor). Original MIP Action: Target three-year average tenure for country assignments, to be monitored by HRD.

Rationale for the Reformulation: Despite efforts to slow the turnover of country teams, in particular of mission chiefs, tenure has hovered around two and a half years, and may have been hindered by structural constraints/tradeoffs.

Summary of Proposed Reformulation: While continuing to target three-year average tenure for country assignments, introduce a robust framework for extending tenure beyond the two-year minimum requirement in assignments for different country groups; enhance monitoring and accountability for country team turnover; and assess potential barriers to longer tenure.

Directors' Response: Directors broadly endorsed the reformulation of the MIP action, with several Directors stressing that the tenure of country teams and mission chiefs remains a key issue. A number of Directors noted that the reformulation should take a realistic and nuance approach. Some Directors noted that the original formulation was clear and attainable.

<p>NEW ACTION AND TIMELINE: 1.1 Revise the recruitment guidelines used by Heads of Departments and senior hiring managers in Area Departments (ADs) with the expectation of limiting intradepartmental hiring of candidates for mission chiefs who have not met the minimum tenure of 2 years in their current assignments by end-April 2022. This will better align recruitment guidelines with policies that govern mobility across departments, which already restrict movements of staff with less than 2 years in their current assignments. Starting in June 2022, ADs will report cases of intradepartmental moves with less than 2 years bi-annually to HRD, with an explanation. Starting in June 2023, HRD will brief management once a year on such cases.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: HRD, ADs.</p> <p>ORIGINAL TARGET DATE: June 2023.</p>
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115. The revision of the recruitment guidelines was published on the Fund website in June 2022. Regarding intradepartmental mobility, the revised guidelines establishes that staff members are eligible to apply to any vacancy in their current department provided they meet the requirements for the position as set forth in the job standards and vacancy announcement. To minimize disruption of country teams, area departments are strongly encouraged to select those internal candidates who have met the minimum 2-year tenure on their country desk assignment. In FY 22-23, reporting was also enhanced with the inclusion of data for analytical country groups and desk economists.

116. Starting June 2022, departments have provided data on tenure as part of the Accountability Framework process. In early December 2022, after the accountability framework discussions, staff sent a memorandum to Management including a list of intradepartmental moves with less than 2 years. The data on intra-departmental moves of mission chiefs show that only 5 mission chiefs (covering 8 country assignments) with less than 2 years of tenure in their assignments moved within their own departments during FY21-22, corresponding to less than 5 percent of the

number of mission chief country assignments and 16 percent of all the most recently ended “closed” assignments of mission chiefs with tenure of less than 2 years. All area departments except WHD had at least one case of intra-departmental moves resulting in a closed mission chief assignment with less than 2 years of tenure. All those moves were due to promotions or selection to a resident representative assignment. Other causes of mobility (movements across departments, separations, leave without pay, MAPs, etc.) accounted for most short tenures for mission chiefs (32 cases, or more than 80 percent). Thus, overall, the data indicate that intra-departmental moves have only a small impact on average mission chief tenure, but a fuller analysis of the effects of turnover and mobility (including promotion-related) will be presented in a separate paper (see Management Action 1.5).


117. The Executive Board received data on mission chief and desk tenure and new analytical country groups in December 2022, and was briefed again in the Spring 2023 in the context of the Recruitment and Retention CY2022 paper, establishing an annual reporting mechanism.

Staff plans to update the Board on mission chief and desk tenure in the fall of 2023, after the accountability framework discussions. Data on intra-departmental moves will continue to be reported to Management once a year. Moreover, as part of Management Action 1.5, HRD will prepare a separate report with a comprehensive analysis of the impact of turnover, promotions, and mobility on mission chief and desk tenure by December 2023. The Board meeting on the Recruitment and Retention Paper CY23 paper is scheduled for March 2024.

<p>NEW ACTION AND TIMELINE:</p> <p>1.3. Enhance monitoring of the respective metrics, including by analytical country groups, with emphasis on FCS and SDS, at the summer Accountability Framework (AF) discussions by end-June 2022. While maintaining the expectation that departments should aim for the three-year average tenure, start targeting <i>median</i> tenure for mission chiefs at 2.7 years, as an intermediate operational target. Compile best practices of ADs on ensuring that staff median tenure in country assignments is above the minimum of 2 years and disseminate them among ADs, by end-December 2022.</p>	<p>Open</p> 	<p>ACCOUNTABLE: HRD, ADs.</p> <p>ORIGINAL TARGET DATE: December 2022.</p>
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118. The monitoring of the metrics, including by analytical country groups, was made available in the June 2022 Accountability Framework (AF). Departments have received information provided to management as part of the AF discussions, and the goal of targeting median tenure for mission chiefs at 2.7 years as an intermediate operational target has been

communicated to departments during their AF sessions with management. On May 4, 2023, HRD held a session with SHRPs and HRBPs on data quality/best practices for the Country Information System (CIS) in Workday. The CIS is the system to monitor/complete information on country tenure. In addition to the May 2023 session, a bi-annual cadence for training of country team coordinators has been set, including to ensure quality and consistency of data entered in the system by departments – trainings were held in February and September 2023.

<p>NEW ACTION AND TIMELINE: 1.4. Start annual reporting to the Board of data on mission chief and desk-economist tenure, including by analytical country groups, with emphasis on FCS and SDS, through HRD’s Recruitment and Retention Paper and/or Board briefings, by end- December 2022.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: HRD, ADs. ORIGINAL TARGET DATE: December 2022.</p>
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119. As noted above, in December 2022 staff issued a report for Executive Directors’ information on average mission chief and desk economist tenure. Average tenures are calculated as the averages of the most recently ended (“closed”) assignment within each country team. The report indicated that at the beginning of FY23, the average tenure of recently “closed” mission chief assignments had reached 2.6 years, compared with 2.4 years in FY19, showing some progress over the last 3 years.¹⁸ The median at the beginning of FY23 was close to the average at 2.5 years, a small improvement relative to FY19. The report also noted that average mission chief tenure was longest for EUR and MCD (slightly under 3 years), whereas AFR had the shortest mission chief tenure at 2.3 years. Compared with FY19, most departments had contributed to the increase in the Fund-wide average mission chief tenure.

120. In the case of desk economists, the report’s estimates showed that average tenure was 2.5 years at the beginning of FY23, while the median was 2.4 years. In comparison to mission chiefs, there was more uniformity across departments, with the average ranging from 2.4 to 2.8 years. However, given that the measurement of desks tenure is new and many desk economists have multiple country assignments, the report noted that these estimates should be taken with caution. The report indicated that going forward, these estimates would be further refined by closely monitoring data issues related to dual assignments and mobility to ensure more harmonized reporting for tracking purposes.

121. More updated data was provided in March 2023 in the context of the paper on Staff Recruitment and Retention (R&R) Experience CY2022. The R&R paper shows that as of mid-FY23, the Fund-wide average mission chief tenure remained at 2.6 years, below the Fund’s 3-year

¹⁸ This indicator is not the average tenure of active mission chiefs; it is the average tenure of the most recently ended “closed” mission chief assignments. A similar definition is applied to desk economists below.

target. The highest departmental averages were in EUR (2.8 years) and MCD (2.7 years), and the lowest in WHD (2.4 years). Over 35 percent of recently closed mission chief assignments had tenure of at least 3 years, and over 68 percent had tenures of at least 2 years. These shares varied considerably across departments due in part to departmental differences in the shares of SDS, given that tenures tend to be shorter on SDS teams. Even so, in terms of country groups, the average mission chief tenures in LIC and FCS teams were broadly in line with those of G-20 teams. The Fund-wide average tenure of desk economists was estimated at 2.4 years (median 2.3 years) as of mid-FY23. Tenure was highest in AFR (2.6 years) and lowest in APD and MCD (both 2.3 years). Fund-wide, almost one third of recently closed desk economist assignments had tenures over 3 years, and about 58 percent had tenures over 2 years. As noted previously, these estimates should be treated with caution and will continue to be refined. As indicated in the comments on action 1.1, staff plans to update the Board on mission chief tenure in December 2023, after the accountability framework discussions.

<p>NEW ACTION AND TIMELINE: 1.5. Prepare an analysis of issues surrounding mission chief and country team turnover, including recent trends and drivers and their effect on tenure in country assignments. Propose policy options and targets, if necessary, for ensuring adequate tenure on country assignments, aligned with other HR policies (including Career Framework and Path and HRL policy) and present it to the Board by end-December 2023.</p>	<p>Open</p> 	<p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: December 2023.</p>
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122. As noted earlier, HRD is preparing a separate paper with an analysis of the underlying drivers of mission chief and desk economist tenure and how average tenure is impacted by factors such as mobility, turnover, promotions, and Fund policies and strategic priorities. The paper will propose policy options and targets, if necessary, to ensure adequate tenure on country assignments. The paper is expected to be ready by end-December 2023, as envisaged in the MIP. In preparing the paper, HRD is taking into consideration a high turnover experienced by staff over the last year, particularly, at the B-level, mainly due to an increase in promotions and separations.

IEO Recommendation 2: Enhance processes and incentives for learning from past forecast performance (IEO Evaluation on IMF Forecasts: Process, Quality, and Country Perspectives). Original MIP Action: Issue guidelines establishing minimum requirements and practices for the handover of country assignments.

Rationale for the Reformulation: A 2015 staff survey revealed weak compliance of data management guidelines and handover practices across Area Departments (ADs). High staff dissatisfaction with handover practices prevented the OIA to deem the action as implemented.

Summary of Proposed Reformulation: Foster knowledge sharing and identify minimum requirements for successful handover; disseminate best practices; set standard procedures for country-assignment handover; and establish regular monitoring mechanism.

Directors' Response: Directors agreed with the need to reformulate this action. Many Directors underscored the importance of promoting knowledge and information sharing between successive mission chiefs and desk economists to ensure smooth functioning of the institution and sustain a productive relationship with the authorities. Directors also noted that robust handover and knowledge transfer practices are also important complements to leverage current technology and knowledge management practices. Some Directors mentioned that the handover of information can be improved by setting internal standards and structures.

NEW ACTION AND TIMELINE:

2.1. Conduct a peer-learning event on area departments' handover practices for country assignments, where departments can showcase their approaches (especially recent innovations by APD) and identify minimum requirements for handover. Disseminate key conclusions and background materials from the event among area departments by **April 2022**.

Implemented



ACCOUNTABLE: KMU, ADs.

ORIGINAL TARGET DATE:
April 2022.

123. The peer-learning event was delivered by KMU in collaboration with OIC in October 2022, under the auspices of the "Spark" series. The event was very well received and attended by around 70 participants. The materials from the peer learning event, including minimum requirements for handover, have been disseminated to meeting participants and posted on the intranet. No further events are planned as of now in 2023.

NEW ACTION AND TIMELINE:

2.2. Drawing on lessons from the peer-learning event (see #2.1 above), set area departments' standard procedures for country assignment handover. Disseminate handover procedures on area departments' websites by **July 2022**.

Overdue but progressing



ACCOUNTABLE: KMU, ADs.


ORIGINAL TARGET DATE:
July 2022.

EXPECTED COMPLETION DATE:
December 2023.


124. A dedicated webpage that provides background information on the handover project as well as the video recording and other materials from the peer learning event held in October 2022 has been created and is currently housed on the KMU intranet website. The intention is that the webpage would grow over time with additional material, including the results of

forthcoming surveys and any future events. As the Fund’s intranet is currently being revamped and upgraded, the webpage might find a new, more appropriate place.

125. Regarding departmental handover practices, APD requires that all staff with country assignments ensure a proper handover using standard templates that are already posted in the department’s website (mission chiefs monitor that handovers are conducted properly). This practice has been in place for a couple of years and has served as a model for other departments. In October 2022, **AFR** posted departmental assignment handover guidelines for country desks, resident representatives, research analysts, and administrative assistants to ensure consistency across the department. Following its participation in the peer learning event, **MCD** has updated its handover procedures and has posted it on its website. **WHD** has made efforts to strengthen the handover of country assignments by encouraging handover mission for mission chiefs involved in program countries and other difficult assignments. The department has also sought to maintain continuity in country teams by ensuring that not all country economists rotate at the same time. It also encourages incoming staff to reach out to outgoing staff before the job change to ensure an appropriate transition and exchange of knowledge. WHD is in the process of outlining these procedures in an internal document that will be posted in the department’s website by end-CY23. **EUR** has handover procedures that will be updated and integrated in onboarding seminars for new staff. The department arranges periods of overlap for desks and mission chiefs, negotiates transitions, and approves whenever possible handover missions. The updated procedures will be posted on EUR’s website by end CY2023.

<p>NEW ACTION AND TIMELINE: 2.3 Revise the Fund-wide Guidance Note on Objective Setting in the APR to include examples on how to set objectives related to handover practices in the case of mission chiefs and desk economists by October 2022.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: HRD, ADs.</p> <p>ORIGINAL TARGET DATE: October 2022.</p>
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126. An Objective Setting Briefing Note for Managers, including an example of setting objectives related to handover practices, has been prepared and is already available. The Objective Setting Briefing was linked to the FY24 Objective Setting email that was sent in the early Fall of 2023.

<p>NEW ACTION AND TIMELINE: 2.4. Complementing annual OED surveys, establish a regular monitoring mechanism through a survey of mission chiefs and desk economists to assess progress with implementation of country assignment handover standards</p>	<p>Open</p> 	<p>ACCOUNTABLE: KMU, ADs.</p> <p>ORIGINAL TARGET DATE: January 2026.</p>
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<p>and gauge staff satisfaction and refine standard procedures, as necessary, by October 2023. Inform management about survey results and describe measures that departments have already taken to improve handover and any additional intended steps, starting in January 2024. Monitor progress using the annual surveys, with the expectation that the number of respondents expressing satisfaction with handover procedures will be considerably higher than a majority for at least two successive years, by end-January 2026.</p>		
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127. The preparation of the new survey for mission chiefs and desk economists for October 2023 was delayed due to resource constraints. With the recent onboarding of new staff, the survey is now scheduled to be launched in December 2023, and Management will be informed about the survey results through a memorandum by end-April 2024. Looking ahead, no obstacles regarding monitoring of progress through annual surveys are envisaged at this stage.


IEO Recommendation 3: Re-examine the staff’s structure of incentives in data management (IEO Evaluation on Behind the Scenes with Data at the IMF).

Original MIP Actions: Incentivize the use of the Common Surveillance Database (CSD); update the Catalogue of Time Series; metadata clean up; and adopt Fund-wide data management standards.

Rationale for Reformulation: The first two actions were not aligned with the “SMART” principles, which made difficult to monitor progress; the third action did not allow a determination as to when it would be deemed implemented (the ongoing cleanup process is a comprehensive task involving 200 databases); and the fourth action involves a long-term plan and was too broadly worded.


Summary of Proposed Reformulation: Update the Catalogue of Time Series (CTS), drawing from the findings from the 2020 review of the CTS; embed the metadata cleanup in the relevant milestones of the Data Governance Group (DGG); break down the process of “adopting data standards”; provide substantive milestones regarding metadata standards; and document them in the Enterprise Business Vocabulary (EBV).

Directors’ Response: Directors supported the reformulation of these actions. Some Directors noted that most of the actions regarding Fund’s data were still open, with several of these actions characterized by implementation challenges.

<p>NEW ACTION AND TIMELINE: 3.3. Complete the recoding of the current Common Surveillance Indicators (CSI), to be documented in the CSI Status Report by April 2022. The DGG will oversee this process and the CSI status report will be posted to the CSD Operations portal.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: STA, RES.</p> <p>ORIGINAL TARGET DATE: April 2022.</p>
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128. The operationalization of the Common Surveillance Indicators (CSI) exercise has been completed and is now an ongoing component of the CSD. The status of the CSI is regularly monitored by the DGG with monthly status CSI Reports posted on the CSD Operations Portal page. Most country desks have now adopted the new codes (143 countries are already 100 percent compliant). RES plans to revisit the CSI list with area departments and expand the list with the iData teams as part of the CSD dissemination through the iData portal dashboard. A report with usage statistics of the CSD is published on the CSD Operational Portal page, and a link has been added on the DGG site. The report includes the number of users accessing the CSD through EDI, the only channel for which usage data for the CSD are available. Once iData becomes operational in late FY24, it will provide access to the CSD (and related usage statistics).

129. The CSI recoding work is a continuous action of the FY24 work program, which was recently approved by the Standing Committee on Data and Statistics chaired by a member of Management. STA will continue to follow up with area departments to complete the recoding exercise this fiscal year, although some delays could be expected due to competing requests to country desks and the current migration to iData, which will lead to a review of the CSI list as part of the new dissemination portal. Given that the recoding of the CSI is a continuous process, that significant progress has been made (72 percent compliance rate), and that developments are monitored on a continuous basis by the DGG, OIA considers that this action could be deemed as implemented.

<p>NEW ACTION AND TIMELINE: 3.4. Finalize the ontology and metadata schema and document these in the Fund's EBV by April 2022. The Fund's new data management and dissemination platform, iData, will leverage the metadata schema for both internal and external dissemination.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: STA, KMU.</p> <p>ORIGINAL TARGET DATE: April 2022.</p>
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130. Both the ontology and metadata schema have been finalized. The final FY22 work program of the DGG notes that the IMF Business Ontology was finalized in April 2022. The Business Ontology is documented on the KMU website, and a worksheet showing the Ontology mapping can be found towards the bottom of the Enterprise Business Vocabulary (EBV) page.

131. In turn, the Fund’s metadata schema for economic and financial data was finalized in April 2023, after three years of work by the Metadata Working Group, an inter-departmental working group of the DGG. The Fund’s core metadata model is a standardized representation of characteristics to describe data, how it is calculated, where the data comes from, and how to use it; provides ability to link data with related content (publications, videos, events, reports, news); source from shared controlled lists (EBV); leverages international standards where possible; improves search and browse across datasets; and documents copyright requirements for accessing and sharing data. The metadata model is integrated in the EBV as part of the Data-Specific Vocabularies for Economic and Financial Data. The core metadata model will be implemented incrementally. The model is now being piloted in iData and will serve as the underlying data architecture for the current data migration and new data portal. It will also be used as reference for other data management platforms in the Fund, including DMXe. A Tableau dashboard has been developed to visualize the current version of the metadata model. The FY24 DGG work program includes as a new activity the development of a governance framework around the model. Both the ontology and metadata schema were presented to the DGG in a dedicated seminar in December 2022.

IEO Recommendation 4: Reduce unnecessary disclosure concerns that may inhibit the authorities from using the Fund as a true sounding board for informal advice at an early stage when formulating their policies (IEO Evaluation on The Role of the Fund as Trusted Advisor).

Original MIP Action: Staff will be expected to inform country authorities on the Fund’s policy on the treatment of confidential information. At the same time, staff will be encouraged to have informal/brainstorming discussions with country authorities in the course of policy discussions.

Rationale for Reformulation: There is no mechanism to assess staff’s treatment of confidential information, nor whether and how this is discussed with country authorities. Separately, informal/brainstorming discussions are difficult to monitor given the qualitative element to such discussions and may not always be possible or appropriate.

Summary of Proposed Reformulation: Increase transparency on the Fund’s framework and policies on the treatment of confidential information and re-disseminate guidance to staff regarding engagement with country authorities on these matters.

Directors’ Response: Directors agreed with the need to reformulate this action. Some Directors suggested that staff should inform country authorities when they share confidential information.

NEW ACTION AND TIMELINE:

4.4. Monitor progress using the annual OED survey, with the expectation that the number of respondents expressing satisfaction with country teams’ handling of confidential data will be considerably higher than a majority for at least two successive years, by **June**

Open



ACCOUNTABLE: SPR.

ORIGINAL TARGET DATE:
June 2024.

<p>2024. Progress in strengthening engagement with country authorities on the treatment of confidential information will be assessed in the next Interim Surveillance Review, by end-FY24.</p>		
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132. The 2023 OED survey was launched in mid-September. As in past years, the survey response would be available in early 2024, and the summary report around the Spring 2024 (March-April). Based on the 2022 survey, respondents generally valued the appropriate handling of confidential information. Seventy-six percent of respondents expressed satisfaction in this area, with a broadly even satisfaction rate across departments. Executive Directors generally reported no incidents and highlighted staff’s professionalism and understanding of sensitivities.


IEO Recommendation 5: Management and staff need to allocate time and resources to each research project. The IMF needs clear standards for technical quality of different research projects [...] incentives to improve the quality of research should be strengthened (Research at the IMF: Relevance and Utilization).

Original MIP Action: Adopt new procedures to ensure the quality of working papers (WPs).

Rationale for Reformulation: Guidelines on publication of WPs were introduced in 2012. However, measuring and monitoring the quality of individual WPs beyond these guidelines is neither feasible nor meaningful from a cost-benefit analysis and in light of limited resources.


Summary of Proposed Reformulation: Identify and disseminate good practices on the departmental review of WPs; update Fund guidelines on publication of WPs and departmental procedures on the review of WPs; increase transparency and accountability for the interdepartmental review of WPs; and improve outlets for disseminating country analytical work.

Directors’ Response: Directors broadly endorsed the revised actions. Many Directors emphasized that the reformulation should focus on creating a more robust review process and sufficient time to engage with ED offices.


<p>NEW ACTION AND TIMELINE: 5.2. Update COM guidelines on publication of WPs, including to strengthen review requirements (see #5 below), clarify procedures for information-sharing with EDs and reduce publication delays. Disseminate the revised guidelines to staff by June 2022.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: COM with ADs and FDs.</p> <p>ORIGINAL TARGET DATE: June 2022.</p>
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133. Building on the lessons learned from the peer-learning event that took place in May 2022, COM has updated the guidelines on publication of WPs, incorporating input from SEC,

LEG, OMD and other departments. The updated guidelines are with OMD for clearance in October and will be distributed to departments soon after that. Departments are expected to revise their own procedures for WP review and approval, as necessary, and post them on their websites.


<p>NEW ACTION AND TIMELINE: 5.3. Create identification numbers to allow indexing of published Selected Issues Papers (SIPs) and create a page on the IMF’s external website for published SIPs, to improve visibility of staff’s analytical work other than WPs and enable searching in external research bibliographic databases (IDEAS/RePEc), by October 2022.</p>	<p>Implemented</p> 	<p>ACCOUNTABLE: COM.</p> <p>ORIGINAL TARGET DATE: October 2022.</p>
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134. COM created the identification numbers and launched the page on the IMF’s external website for published SIPs in October 2022. As of June 2023, around eighty SIPs had been published.

<p>NEW ACTION AND TIMELINE: 5.4. Review and revise departments’ procedures for the review and approval of WPs, as necessary, in light of the peer-learning exercise and post the procedures on departments’ websites, by December 2022.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ADs and FDs.</p> <p>ORIGINAL TARGET DATE: December 2022.</p>
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135. Most area departments and some functional departments have reviewed and revised their procedures for the review and approval of WPs. AFR has had in place for a while many of the proposed ideas by the interdepartmental group to revamp quality (establish review committee within the department, have a senior staff lead, require presentations before submission, provide incentives/credit in APRs, etc.). The AFR Research Advisory Group (RAG) (which is comprised of volunteer economists led by B-level staff and overseen by a B4), has followed concrete policies and processes regarding Working Papers, with its primary goal being to review proposed WPs and provide feedback to the authors. The ToRs of the RAG, including policies for clearing papers, are listed on the AFR website. A revision of the RAG functions, including WP clearance policies, took place during the last six months of 2022, and a revised set of “publication guidelines” has been posted on the AFR website. **MCD** updated its guidelines for Working Papers in light of the peer-learning event and posted them in its website in December 2022. In the case of **APD**, the procedures for WPs have not been posted on the department’s website, as they have been fully aligned with the Fund-wide guidelines established by COM, reflecting the IEO recommendation. **WHD** has also strengthened the review of working papers in line with the peer learning exercise. This includes adequate review of WPs produced in and outside the department, taking due consideration to the

increased demand on staff time since the pandemic. The department also incentivizes the production of good quality research (WPs and SIPs) through consideration in the APR process. WHD is in the process of preparing a document outlining these procedures, which will be posted in the department's website in CY23. **FAD** procedures for reviewing and approving WPs have been published in the "Documents" section of FAD Administrative Manual posted on its Intranet. **SPR** follows procedures in line with Fund-wide guidance, which will be updated if necessary.

<p>NEW ACTION AND TIMELINE: 5.5. Migrate the interdepartmental review of WPs to e-Review, including the posting of authors' responses to comments prior to final approval by authoring department, to improve transparency and accountability, as part of Module 4 under the Integrated Digital Workplace (iDW) program, by May 2023.</p>	<p>Open</p> 	<p>ACCOUNTABLE: ITD, SPR.</p> <p>ORIGINAL TARGET DATE: May 2023.</p> <p>EXPECTED COMPLETION DATE: Mid-2026.</p>
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136. This action was not completed by the original deadline of May 2023 because the timeline for the modernization project has been revised. The related document workflow and review (DWR) project aims to release a pilot solution by Q2 2024, followed by the phased deployment of the full system by Q4 2025. The pilot is expected to cover a subset of documents that are not currently in e-Review (Working Papers, FSAP policy notes, FSSAs, FSAP TA notes, ROSCs, and Central Bank and Fiscal safeguard assessment reports). Thereafter, the coverage of the new review system will be gradually expanded and documents that are currently using e-Review will be migrated to the new system. The guidance for e-Review will be updated accordingly. This transition needs to be completed before the mid-2026 obsolescence of the current platform underlying e-Review.

SECTION III - PROGRESS ON THE DEVELOPMENT OF A SLIPPAGES FRAMEWORK

Introduction

137. During the Executive Board discussion of the Tenth PMR, Executive Directors called for future PMRs to include an assessment of the impact of slippages in the implementation of open management actions. Directors indicated that the inclusion of such information would allow the Board to focus its review on the most material developments from year-to-year and thus promote greater accountability. Subsequently, in the context of the discussion on the Eleventh PMR, Directors agreed that it would be important to define "impact" ex-ante as part of the MIP process and to analyze the multiple actions that are proposed in response to a single recommendation in respect of their collective effectiveness, rather than individually. Directors recognized, however, that

developing a fully-fledged framework for an assessment of slippages would be a challenging undertaking.

138. Starting with the Eleventh PMR, OIA has been providing further analysis of those actions that are more than one year past their target implementation dates (please refer to the Overview section and Table 1). Such analysis has been conducted while recognizing certain constraints and assumptions. Specifically, IEO recommendations are primarily intended to serve as a means to enhance the learning culture within the Fund and to support the Executive Board's institutional governance and oversight responsibilities. Moreover, the actions included in the MIPs that are approved by the Board do not explicitly indicate relative importance or prioritization based on risk considerations.

139. During the Board meeting on the Twelfth PMR, Executive Directors welcomed the ongoing efforts by staff to develop a slippages framework, including the outline of guiding principles.¹⁹ Directors broadly agreed that the development of the framework would need to be closely aligned with that of the broader institutional Enterprise Risk Management (ERM) framework and looked forward to additional details on the timeline and resource implications, as well as the role, responsibilities, and accountability under the new framework. Several Directors suggested piloting the slippages framework in the MIP for the *IEO Evaluation on the IMF's Emergency Response to the COVID-19 Pandemic (ERP)*. Many Directors also emphasized the need for ORM's involvement in the work on the slippages framework.

140. Over the last year, staff has had several meetings to further develop the prototype slippages framework consistent with the guidance provided by the Board. The prototype framework is anchored in the Fund's ERM Framework and leverages ERM tools and processes, where appropriate. After the Board endorsement of the ERM framework in December 2022, the prototype slippages framework is being piloted in the ERP MIP, as proposed by several Executive Directors, following largely the steps outlined in Box 1 below. These steps have been developed by staff from the IEO, ORM, SPR, and LEG with OIA acting as the facilitator, given its third line responsibility and the need to maintain its independence.

¹⁹ See Box 1 of the Twelfth PMR, SM/22/231, September 29, 2022.

Box 1. Prototype Slippages Framework – Process

- In preparing the **MIP** in response to Board-endorsed IEO recommendations, staff will include an assessment of the implications from potential slippages in implementing the IEO's high-level recommendations. The assessment will leverage ERM tools, such as the Document Risk Self-Assessment (DRSA) intended for policy and strategy papers, in a streamlined and cost-effective manner.
- **Department(s) accountable** for specific actions identified in the **MIPs** will provide inputs for an ex-ante assessment of the enterprise risks arising from potential slippages in implementing a group of actions aimed at addressing each high-level IEO recommendation. In conducting this assessment, staff will consider the IEO's enterprise risk assessment presented in the IEO evaluation report and Board's views on such assessment.
- As customary, the **MIP** will be reviewed by departments, including ORM, and cleared by Management. The IEO will have an opportunity to provide feedback on the staff's assessment in the MIP at the design stage and after the MIP has been submitted to the Board Evaluation Committee for a formal discussion.
- In the event of actual slippages or delays in implementing management actions, the **department(s) accountable** for the specific actions will update the ex-ante enterprise risk assessments prepared during the MIP process.
- In preparing the **PMR, OIA** will rely on the updated enterprise risk assessments to assess the significance of slippages (if any) in implementing the MIPs.

Additional Considerations

The **IEO** can provide its own assessment of enterprise risk in each of its evaluations, can discuss how risks would be mitigated by its recommendations, and in due course comment on how the MIP would affect risk assessment. Although the **IEO** is not subject to the Fund ERM policy, it has volunteered to apply the institutional ERM framework to assess how slippages in implementing its high-level recommendations may affect enterprise risks. To that end, the IEO plans to use the ERM tools to assess enterprise risks in a parsimonious and cost-effective manner, retaining flexibility over the form in which to present its risk assessment whether by following a narrative or quantitative approach. The enterprise risk assessment will be included in the **IEO evaluation report**. Departments will review and provide comments on the evaluation report, including on the enterprise risk assessment, for IEO consideration.

The Pilot

141. The IEO evaluation of the IMF's Emergency Response to the Covid-19 Pandemic, which was considered by the Board in March 2023, included an enterprise risk assessment.²⁰ The IEO decided to include the risk assessment on a voluntary basis. To that end, the IEO used the Fund ERM framework, while adopting a narrative approach. The assessment included four components: risk identification, risk mitigation, residual risks and impact of the IEO's recommendations on residual risks from large external shocks. In conducting its assessment, the IEO utilized the Fund's enterprise risk taxonomy, and in identifying residual risks, it took into account the risk mitigating measures put in place by the Fund. It also discussed how its recommendations would impact the residual risks. During the Executive Board's discussion, Directors agreed that the IEO's risk assessment could provide a useful input when assessing enterprise risk in the broader context of the MIP for the evaluation.

142. The MIP on the ERP's evaluation, which was issued in September 2023, was used as a pilot to help refine the prototype slippages framework. Consistent with current practice, the MIP was reviewed by departments and shared with the IEO. The IEO noted that if its proposed recommendations were implemented effectively and on time, that would effectively address any related enterprise risks to the Fund. ORM provided feedback, which was taken into consideration in finalizing the MIP.

143. In assessing enterprise risks in the ERP MIP, staff applied the ERM framework, and leveraged ERM tools and processes, where appropriate. Specifically, in identifying risks to the Fund, staff utilized the enterprise risk taxonomy identified risks, including those of a financial and reputational nature as well as those to staff well-being and safety. The assessment was made at the MIP level by grouping the risks to the Fund by type of risk. Furthermore, staff included a discussion on the appropriate risk treatment plan.

144. Considering the experience from the ERP MIP pilot, staff proposes that the prototype slippages framework be made somewhat more flexible. The enhanced flexibility would ensure that the framework is applicable to a variety of possible future IEO evaluations and recommendations, while being sufficiently robust to capture the most salient risks associated with delays in MIP implementation. The main conclusions from the pilot exercise so far are as follows:

- The framework to assess the impact of slippages in the implementation of management actions should be consistent with and anchored in the ERM framework, and should leverage ERM tools and processes, where feasible.
- The framework should allow for individual actions to be evaluated in combination with other actions to develop an integral view of risk mitigation with respect to specific IEO

²⁰ Annex 1, IEO evaluation report on The IMF Emergency Response to the Covid-19 Pandemic, March 21, 2023.

recommendations or to assess individual actions collectively by type of risk to form an integral view of risk mitigation with respect to the MIP as a whole.

- The risk assessment should be conducted ex-ante during the MIP process. However, given the broad nature of the risks typically facing the Fund and uncertainty about the impact of various measures on those risks, the MIP will normally note the risks and the measures to help mitigate them without attempting to estimate the precise impact of those measures on the risks, rank the measures in terms of their relative importance, and estimate residual risks.
- The MIP may cast the discussion implicitly in terms of the risks involved if the management actions are not implemented (regardless of whether they are implemented per the MIP target implementation dates) rather than in terms of slippages per se.
- The ex-ante risk assessment conducted during the MIP process should be refreshed within a specific time frame (e.g., six months) from an actual slippage so that the PMR could utilize the updated risk assessment to examine the significance of slippages in implementing the management actions.

Next Steps

145. The Fourteenth PMR is expected to report on progress in implementing the MIP on the ERP. In the course of preparing the Fourteenth PMR, OIA will request accountable departments to provide an ex-post update to their ex-ante risk assessments to reflect the enterprise risks from actual slippages so that the ex-ante risk profile can be suitably refreshed in the PMR on an ex-post basis, taking account of aggravating and mitigating factors. A recommendation for moving forward with the slippages framework on a more permanent basis is expected to be issued following the full implementation of the MIP on the ERP pilot, an assessment of lessons from the pilot and the prototype slippages framework, and an amendment of relevant decisions.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Board reviewed the implementation status of Management Actions in Response to Board-Endorsed IEO Recommendations and endorsed the assessment of their implementation progress as proposed in the Thirteenth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations (SM/23/225).

ANNEX – Actions That Are Less Than One-Year Past Their Target Implementation Dates.

1. This Annex presents a list of those actions that are less than one-year past their target implementation dates. The most relevant ones are all part of the MIP on Growth and Adjustment in IMF-Supported Programs. They include those associated with the planned revision of the Operational Guidance Note (OGN) on program design and conditionality, reporting of progress on the implementation of the 2021 Operational Guidelines for Integrating CD with Surveillance and Lending, and completing the implementation of the broad principles for coordination with the World Bank and other relevant International Financial Institutions under the Resilience and Sustainability Trust (RST). A summary of all the individual actions that are less than one-year overdue, which add up to 12, is presented in the Table below. The Table is organized by IEO report date, starting with the most recent report.

Table 1. List Of Open Actions Less Than One-Year Past Their Target Implementation Dates.

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
Growth and Adjustment in IMF-Supported Programs	Revise the operational guidance note (OGN) on program design and conditionality with the objective of having a thorough, systematic, and realistic discussion of program implications for growth in program documents as appropriate and feasible in a given country context. 1a. The OGN will recommend.... -SPR	FY23-H1	By end-CY2023	Work in Progress. Staff plans to finalize the OGN on program design and conditionality before end-2023.

Table 1. List Of Open Actions Less Than One-Year Past Their Target Implementation Dates.
(Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
Growth and Adjustment in IMF-Supported Programs	Set up a training program for country authorities on the Sovereign Risk and Debt Sustainability Framework, including its realism tools. - SPR, ICD	By mid-FY24	April 2024	Preparatory work underway. The SPR Debt Policy (SPRDP) Division is currently preparing the training material. Regional training for country authorities is set to begin in January 2024 and will continue throughout the year. In addition, SPR and ICD are working on an online course for country authorities and the general public, which is expected to be launched in April 2024.
Growth and Adjustment in IMF-Supported Programs	The revised OGN would encourage that Fund-supported programs pay greater attention to supporting deep, more growth-oriented reforms, while continuing to keep structural conditionality parsimonious and prioritized in line with program objectives. 1a. Explain in the revised OGN that.... - SPR	By FY23-H1	By end-CY2023	Work in progress. The OGN will address these issues, including the depth of structural conditions and relevant CD recommendations.
Growth and Adjustment in IMF-Supported Programs	Implement the 2021 Operational Guidelines for Integrating CD with Surveillance and Lending and report on progress in the 2023 CD Strategy Review, to help ensure that CD	By end-FY23	Early 2024	Work in progress. The Operational Guidelines for Integrating CD with Surveillance and Lending have been integrated into the 2022 SGN to further emphasize that all country teams, including program teams, should develop a CD strategy when institutional and capacity constraints are macro-critical. Progress in implementing the guidelines will be discussed in

Table 1. List Of Open Actions Less Than One-Year Past Their Target Implementation Dates.
(Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
	effectively supports growth-related policies in the program context. -SPR, ICD in collaboration with other CD and Area Departments.			the context of the mid-point engagement for the CDSR scheduled for December 2023, and in the formal Board meeting on the CDSR targeted for early 2024.
Growth and Adjustment in IMF-Supported Programs	Implement the broad principles for coordination with the World Bank or other relevant International Financial Institutions under the Resilience and Sustainability Trust (RST), subject to the Executive Board approval of the RST and the underlying design and reform objectives. - SPR	When the Trust is operational; expected mid-FY23	Not indicated	Work in progress. Staff is working on implementing broad principles for coordination. Regarding climate, good coordination is taking place between country teams and other institutions, such as regional Multilaterals Development Banks. In addition, staff expects to finalize an agreement on the Broad Cooperation Principles on pandemic preparedness with the WB and the WHO in the near term.
Growth and Adjustment in IMF-Supported Programs	Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk-scenario analysis: 1d. Model version "GaR 2.0". - MCM, ITD, ICD	By end-FY2023	End-FY2024	Partially complete. The computer programs that will support this tool are almost entirely complete and are currently being tested using country cases. The GaR 2.0 is expected to be completed by the end of FY2024. ICD plans to update the relevant part of a Vulnerability Diagnostics course once the new version of the GaR is released.

Table 1. List Of Open Actions Less Than One-Year Past Their Target Implementation Dates.
(Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans	Enhance monitoring of the respective metrics, including by analytical country groups, with emphasis on FCS and SDS, at the summer Accountability Framework (AF) discussions by end-June 2022. While maintaining the expectation that departments should aim for the three-year average tenure, start targeting median tenure for mission chiefs at 2.7 years, as an intermediate operational target. Compile best practices of ADs on ensuring that staff median tenure in country assignments is above the minimum of 2 years and disseminate them among ADs by end-December 2022. - HRD, ADs	December 2022	Not indicated	Partially complete. The monitoring of the metrics, including by analytical country groups, was made available in the June 2022 Accountability Framework (AF). The goal of targeting median tenure for mission chiefs at 2.7 years as an intermediate target has been communicated to departments during the AF sessions with Management. In early May 2023, HRD held a session on data quality/best practices for the Country Information System (CIS) in Workday.
Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans	Review and revise departments' procedures for the review and approval of WPs, as necessary, in light of the pre-learning exercise and post the procedures on departments' websites, by December 2022. - ADs and FDs	December 2022	Not indicated	Partially complete. Most area departments and some FDs have reviewed and revised their procedures for the review and approval of WPs. However, some ADs and FDs have not yet posted them in their websites.

Table 1. List Of Open Actions Less Than One-Year Past Their Target Implementation Dates.
(Concluded)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion Date	OIA's Commentary
Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans	Migrate the interdepartmental review of WPs to e-Review, including the posting of authors' responses to comments prior to the final approval by authoring department, to improve transparency and accountability, as part of Module-4 under the Integrated Digital Workplace (DW) program, by May 2023. - ITD, SPR	May 2023	Mid-2026	Preparatory work underway. The timeline for the modernization project has been revised. The related document workflow and review project is now planned to begin roll out of the new common review system in FY24. As a first step, the plan will propose that a new system be established covering a subset of documents that are not currently in e-Review. Thereafter, the coverage of the new system will be gradually expanded to documents that are currently using e-Review. This transition will be completed before mid-2026 obsolescence of the current platform underlying e-Review.