

June 14, 2024

**The Chair's Summing Up
Independent Evaluation Office—The Evolving Application
of the IMF's Mandate
Executive Board Meeting 24/57
June 10, 2024**

Executive Directors welcomed the report of the Independent Evaluation Office (IEO) on The Evolving Application of the IMF's Mandate. They welcomed the report's findings that the application and scope of the Fund's mandate were consistent with its legal framework, and that there was consensus across the membership that both the traditional core policies and the newer policy areas reflected important needs and priorities of the Fund's membership. At the same time, the evaluation has highlighted the challenges (as seen through various lenses including, for example, comprehensiveness, inclusive decision-making, transparency, and evenhandedness) that the Fund has faced in adopting and operationalizing strategies in newer policy areas. Directors concurred with the thrust of the evaluation's message that the Fund needs to holistically consider the scope, traction, resources, and risks of the newer activities it undertakes in the pursuit of its mandate. They welcomed the Managing Director's broad support for the IEO's key findings and recommendations, while noting the qualifications.

Directors agreed that the Board and Management should enhance the decision-making process (Recommendation 1). Most Directors noted the report's finding that there was a perception that the engagement with the Board in the decision-making process that led to the strategies in newer policy areas was not fully inclusive and saw merit in developing an inclusive Fund-wide institutional strategy as a long-term anchor for Fund engagement in newer policy areas. Such a strategy would strengthen the comprehensiveness, coherence, and prioritization of the level of engagement in newer policy areas, while enhancing the Board's oversight and ownership. A few Directors felt that the proposed exercise could be challenging and preferred to leverage other workstreams. They noted that the upcoming Comprehensive Surveillance Review (CSR) could be the pragmatic vehicle to provide strategic guidance on the Fund's surveillance activities. In responding to Directors' views, the Managing Director proposed an intermediate approach that could be incorporated into the Management Implementation Plan and which would draw on key elements of the IEO's recommendation, to leverage a sequenced approach to the upcoming CSR that would give the Board the opportunity to consider trade-offs when providing strategic guidance on Fund surveillance, with Management and staff consulting widely with Executive Directors at

each step. Directors also agreed that a holistic and consultative decision-making approach aligned with the Fund's legal framework for considering newer policy areas would be appropriate. They noted that strengthening the linkages between scope, resources, and comprehensive risk assessment in new policy areas would support the goal of enhanced decision-making. Some Directors emphasized the importance of resource reprioritization in the context of the IMF's flat real budget. A number of other Directors noted that work on the newer policy areas resulted in unsustainable work pressures for staff, with a few considering that additional resources are needed to ensure that the Fund continues to deliver well on the traditional core areas and the newer policy areas without overstretching staff and other resources. Directors supported periodic reviews of policy strategies.

Directors concurred with Recommendation 2 for Management and staff to address operational challenges by producing budget data in a manner that allows tracking by policy area, across all Fund activities and operations. This will help inform resource and budgetary decisions. Directors agreed that the Board should continue to advise the Office of Budget and Planning on the policy areas to be tracked and the level of granularity required. They welcomed the indications from Management that work to strengthen the granularity of budget data in key policy areas is under way, with increasing information being provided in budget and work program reports and in policy documents. They also welcomed plans to further engage with the Board to identify ways to target high-quality information of greatest relevance to strategic decision-making, while balancing the costs and benefits of alternative solutions against available resources and the administrative burden on staff.

Directors supported Recommendation 3 for Management and staff to enhance the clarity of key elements regarding its surveillance in newer policy areas by updating the 2022 Guidance Note for Surveillance under Article IV Consultations. Doing so would ensure clearer and more consistent guidance and communication about the IMF's surveillance activities, including on newer policy areas. They agreed that greater guidance on principles of engagement such as macrocriticality, expertise, depth, frequency of engagement, and uniformity of treatment in newer policy areas would be important, while being mindful of the tradeoff between greater specificity and maintaining flexibility when engaging with members. Directors noted Management's plan to comprehensively update the staff guidance note upon completion of the ongoing CSR.

Most Directors supported or were open to the recommendation for the IMF to adopt an Executive Board-approved high-level Statement of Principles for Engagement with Partners (Recommendation 4). They generally recognized the rationale for establishing a coherent best practice framework that would provide an institutional anchor for engagement with external partners while retaining flexibility for its application across individual

strategies and partnerships. At the same time, many Directors raised questions as to whether a set of high-level principles could effectively address the operational challenges posed by the diverse nature and depth of Fund engagement across external partners and activities. A number of Directors agreed that a strategy reviewing and adjusting as needed the Fund's engagement with its partners within the context of individual strategy or policy reviews is more likely to result in tailored and effective engagement. Some Directors called for enhanced monitoring and self-evaluation of engagement with external partners.

In line with established practice, Management and staff will give careful consideration to today's discussion in formulating the Management Implementation Plan for Board-endorsed recommendations, drawing on the IEO's and Directors' specific suggestions and carefully assessing the resource implications.