

IEO

Independent Evaluation Office
of the International Monetary Fund

BACKGROUND PAPER



BP/24-01/05

The IMF's Integrated Surveillance Decision: Looking Backward, Thinking Forward

Biagio Bossone

IEO Background Paper
Independent Evaluation Office
of the International Monetary Fund

The IMF's Integrated Surveillance Decision: Looking Backward, Thinking Forward

Prepared by Biagio Bossone*

May 9, 2024

The views expressed in this Background Paper are those of the author and do not necessarily represent those of the IEO, the IMF, or IMF policy. Background Papers report analyses related to the work of the IEO and are published to elicit comments and to further debate.

* Consultant, Independent Evaluation Office of the IMF. As always, my deep gratitude goes to my wife Ornella, for her unremitting support.

Contents	Page
Abbreviations _____	iv
Executive Summary _____	v
I. Scope and Purpose _____	1
II. Looking Backward _____	2
A. The ISD _____	2
B. Surveillance Under the ISD _____	6
III. Thinking Forward _____	16
A. A Fundamental Asymmetry _____	16
B. The Effectiveness of Surveillance _____	18
C. Proposals to Improve the ISD _____	20
D. A Bolder Approach: Moving Beyond the ISD _____	22
Figure	
1. Implementing the ISD: Key Milestones _____	9
Annexes	
I. Key Milestones in the Implementation and Review of the ISD _____	23
II. A Bolder Approach: Moving Beyond the ISD _____	26
References _____	29

ABBREVIATIONS

AF	Accountability Framework
BWP	Board's Work Program
CCBR	Comprehensive Compensation and Benefits Review
CSR	Comprehensive Surveillance Review
DC	Development Committee
ECB	European Central Bank
EMDE	Emerging Market and Developing Economy
FSB	Financial Stability Board
FSAP	Financial Sector Assessment Program
FSF	Financial Stability Forum
FY	Fiscal Year
GFC	Global Financial Crisis
GFSR	Global Financial Stability Report
GPA	Global Policy Agenda
IEO	Independent Evaluation Office
IFS	International Financial System
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IMS	International Monetary System
IPF	Integrated Policy Framework
ISD	Integrated Surveillance Decision
ISR	Interim Surveillance Review
IV	Institutional View
MAP	Mutual Assessment Process
MKG	Management's Key Goals
MTB	Medium-Term Budget
NGFS	Network for Greening Financial Systems
PRGF	Poverty Reduction & Growth Facility
REO	Regional Economic Outlook
ROSC	Reviews of Standards and Codes
SDG	Sustainable Development Goals
SGN	Staff Guidance Note
TSR	Triennial Surveillance Review
WEO	World Economic Outlook

EXECUTIVE SUMMARY

The Integrated Surveillance Decision (ISD), adopted in 2012 by the IMF, aimed to enhance surveillance by integrating bilateral and multilateral aspects. The Decision emerged as a response to the 2007–08 Global Financial Crisis. It marked a departure from the 2007 Surveillance Decision, which faced challenges and emphasized spillover analysis.

Assessment of the ISD reveals that it represented a compromise between the need to strengthen surveillance and the reluctance of IMF members to expand their obligations under the IMF's Articles of Agreement. The Decision did not alter members' obligations under the Fund's Articles, making it less ambitious than necessary to reflect evolving economic realities.

Under the ISD, IMF surveillance has evolved significantly. The flexibility embedded in the Decision allowed for adjustments to changing economic realities. The paper examines key milestones in this evolution, including the Financial Surveillance Strategy, the Institutional View, Triennial Surveillance Reviews, Interim Surveillance Review, and the Comprehensive Surveillance Review. These milestones were intended to improve the quality and consistency of surveillance, resulting in a more multilaterally consistent, risk-based, and integrated framework.

The decision-making process within the IMF, led by Fund management, played a crucial role in adapting surveillance. The paper evaluates governance, budget, and human resources aspects. It notes the shift from G7 to G20 influence, with demands from the G20 driving the Fund's work. The International Monetary and Financial Committee was not considered as a driver of change, while the Board and Fund management played supportive and critical roles, respectively.

The ISD represented a compromise solution that allowed for surveillance adaptation but fell short of positioning the Fund at the center of international policy cooperation. The evolution of surveillance under the ISD has been management-driven, with positive strides in quality and adaptability. However, challenges remain, which would benefit from a more flexible budget approach and stronger member commitment to place the IMF at the core of global economic policy coordination.

Major challenges to IMF surveillance derive from the "fundamental asymmetry" in the current global governance structure. The asymmetry stems from the absence of a designated global authority to manage systemic risks, with national governments retaining policymaking powers and responding primarily to domestic concerns. The analysis highlights how the G20, not the IMF, has become the central forum for international policy coordination, revealing a governance weakness. The IMF's role in supporting the G20 is acknowledged, but it remains unclear, perpetuating the "fundamental asymmetry."

The paper underscores the need to evaluate the success of IMF surveillance in terms of outcomes and traction. The assessment criteria include adherence to ISD requirements, the quality of analysis and policy advice, and the ability to influence member policies. A critical aspect is the consideration of "outcomes" in surveillance, assessing the impact of IMF advice on member countries' economic performance. The paper acknowledges that success depends not only on the quality of IMF analysis but also on member commitment to cooperation, crucial for handling spillover effects in an increasingly interconnected global economy.

Key global trends, such as climate change, demographics, and geopolitical shifts, require a strengthening surveillance. The paper commends the inclusion of "economic sustainability" in the 2021 Comprehensive Surveillance Review but raises concerns about the lack of a clear understanding and operational framework. Proposals to improve the ISD involve enhancing aspects of budgetary support, enhanced staff skills, collaboration with other organizations, and establishing a "surveillance track record."

I. SCOPE AND PURPOSE

- 1. The Integrated Surveillance Decision (ISD or Decision), adopted in 2012, broadened International Monetary Fund (IMF) surveillance to integrate bilateral and multilateral surveillance.** Following the 2007–08 Global Financial Crisis (GFC), the International Monetary and Financial Committee (IMFC) called on the IMF to review its mandate to cover the full range of macroeconomic and financial policies with a bearing on global stability.¹ This call led to the adoption of the 2012 ISD, which recognized that bilateral and multilateral surveillance were mutually supportive and reinforcing and accordingly, needed to be operationally integrated, established a conceptual link between bilateral and multilateral surveillance, clarified the importance of focusing on global economic and financial stability, and made Article IV consultations a vehicle not only for bilateral but also multilateral surveillance.
- 2. As this case study will argue, the Fund’s surveillance has evolved considerably since the Decision was adopted, including through its periodic surveillance reviews and subsequent staff guidance notes.** They have further clarified surveillance priorities adapting these to changing economic realities. As part of the IEO’s evaluation on the evolving application of the IMF’s mandate (IEO, 2024), this paper focuses on the evolution of IMF surveillance under the ISD. It analyzes the reasons that resulted in the adoption of the ISD; the actors that played a role in its design; the institutional context underpinning its design and application; the factors that governed the evolution of surveillance under the ISD through the periodic surveillance reviews; and how these factors have influenced the effectiveness of surveillance. The paper looks at how the ISD has navigated between the Scylla of the motivation to strengthen Fund surveillance, on one side, and the Charybdis of the limited latitude that members have given the Fund to do so, on the other.
- 3. The paper is organized in two main parts, one looks backward (Section II) and the other thinks forward (Section III).** Section II is structured in two sub-sections: (a) the main features of the ISD, including the developments that preceded it and the elements and the design features that made the Decision acceptable to members; and (b) the process of adaptation of surveillance under the ISD through the periodic reviews and other milestones. Section III proposes that the processes that have led to the ISD and its application are underpinned by a “fundamental asymmetry” between the Fund’s surveillance instruments and its capacity to influence member countries policies that constrains the effectiveness of Fund surveillance and the Fund’s role in pursuing global stability and sustainable growth. The final two subsections propose steps to improve the application of the Fund’s mandate on surveillance, including a more speculative approach of going beyond the ISD. The period of analysis starts from the salient surveillance events that followed the GFC in 2007–08 and led to the ISD, through 2022. The evaluation paper draws on publicly available and confidential information made available by the Fund, interviews with stakeholders and IEO survey results. In the different sections the paper tries to address some of the evaluation questions raised by the IEO (IEO, 2023, Box 1).

¹ See Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund, 4 October 2009.

II. LOOKING BACKWARD

A. The ISD

Key Processes that Led to the ISD

4. **The process that led to the ISD began with the Fund undertaking to develop multilateral surveillance before the 2007 Surveillance Decision.**² Evaluating the processes that led to the ISD requires considering the key surveillance reforms that preceded it. In 2006, Managing Director Rodrigo de Rato pushed the organization and its membership to revise the 1977 Decision on Exchange Rate Policy (Bossone, 2008a), and the Fund launched its first round of multilateral consultations to address global financial issues. This followed the pressure to revise the 1977 decision, and its main motivation was the growing US-China current account imbalance and the role of the USD-Renminbi exchange rate. The 2007 Decision attempted to extend surveillance beyond the perimeter set by the then prevailing interpretation of the Fund's mandate, through the engagement of selected systemically important members in a multilateral dialogue. The tenuous consensus supporting this Decision quickly eroded, ending in an impasse between some members and the Fund.³

5. **While the Fund continued broadening its surveillance initiatives, the G7 and G20 fell short of supporting a Fund surveillance that would take center stage in international policy cooperation.** Within the Triennial Surveillance Review (TSR) process, concluded in October 2008, the Fund introduced several initiatives such as the Financial Surveillance Strategy (FSS), a Pilot External Sector Report, the Early Warning Exercise (EWE) and aimed to enhance the effectiveness of the Financial Stability Assessment Program (FSAP) (IMF, 2008a; 2008b). In addition, management submitted a new Statement on Surveillance Priorities for the coming three years. The statement was adopted by the Executive Board (henceforth, the "Board") in October 2008, revised a year later, and was endorsed by the IMFC right after. The G7, however, did not address Fund surveillance at its coeval meeting and only supported the Fund's role in assisting countries affected by the crisis. If anything, its attitude muted any expectations that Fund surveillance would take center stage in international policy cooperation. Neither interested in the role of Fund surveillance was the G20, which had become the "premier forum for international economic cooperation,"⁴ and only the G24 continued to emphasize the Fund's important role in forging multilateral policy cooperation.

² See *IMF Executive Board Adopts New Decision on Bilateral Surveillance Over Members' Policies*, Public Information Notice No. 07/69, June 21, 2007.

³ China's resistance to a likely declaration of fundamental exchange rate misalignment resulted in a three-year interruption of the Article IV consultation with the Fund, and consultations with other similarly situated countries were also delayed. The impasse was resolved only in 2009 when the Managing Director Dominique Strauss-Kahn adjusted the internal implementation guidance, removing the obligation on Staff to formally make such a judgment on the adequacy of members' exchange rate policies (Legg, 2013).

⁴ See G20 Leaders Statement: The Pittsburgh Summit, September 24-25, 2009, Pittsburgh.

6. **Renewed interest for reviewing the Fund’s mandate and strengthening surveillance came from several sources, but it faded away rapidly.** At its meeting of October 2009, the IMFC asked the Fund to review its mandate to cover the full range of macroeconomic and financial sector policies that bear on global stability and report back in a years’ time. Members of the group of emerging market and developing economies (EMDEs), represented by the G24, had welcomed the review of the Fund’s mandate but noted that the decisions on it had to be preceded by ambitious steps to further improve the Fund’s legitimacy and be anchored in broad-based consensus.⁵ The distrust expressed by the EMDEs compounded the negative attitude from the large advanced economy member countries toward any perception that their policy sovereignty be subject to external obligations or influences from the Fund. Further, by then, the real impetus for international policy cooperation came from the G20, with the Fund playing an important, yet only supporting role.

7. **Fund management insisted on continuing with the modernization and legal reform of the Fund’s surveillance mandate, but only managed to clarify and rethink its application.** A series of papers and Board discussions followed on the need to modernize the Fund’s surveillance mandate (IMF 2010a, b, c, d), pointing to the lack of consistency between members’ weak obligations and the goal of strengthening the Fund’s role on international policy cooperation.^{6, 7} Yet, changing the Fund’s surveillance mandate would have raised concerns among the membership, and Management concluded that progress could be achieved without changing it but clarifying its ambiguities and rethinking its application modalities. It thus recommended the Board to consider a decision on multilateral surveillance that would lay out the nature of the Fund’s role in overseeing the International Monetary System (IMS) and the engagement of members within an unchanged mandate.

⁵ See Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development Communiqué, April 22, 2010.

⁶ The cited Fund paper noted that bilateral surveillance was based on a detailed dialogue with policymakers but rarely touched on the systemic effects of country policies, while multilateral surveillance looked at systemic outcomes but was not based on a detailed dialogue with all relevant policymakers. It identified other important issues such as: the importance of clarifying the remit of financial sector surveillance; that the Fund could do more to monitor capital flows and provide guidance on their regulation; and the need for new procedures to consider the systemic effects of country policies beyond bilateral surveillance. Another major issue was the Fund’s lack of understanding of the global financial linkages, which had been exposed by the GFC. Yet, as noted, even if the Fund had had such an understanding, it would have had no mandate to discuss systemic effects of country policies with country authorities.

⁷ The discussion on surveillance reform benefitted from the intensified interest on this issue that was then manifest around the world in several events, working groups, and ministerial discussions. An important contribution was the Palais Royale Initiative (2011), endorsed by a group of former Central bank governors, Ministers of Finance, Fund Managing Directors and other luminaries, who advocated for strengthening international cooperation through a surveillance regime supported by new rules and sanctions.

8. **Consistent with this approach, the 2011 TSR proposed to cover both bilateral and multilateral surveillance within the existing mandate.** This time there were, however, two important innovations: first, the review encompassed not only bilateral, but also multilateral surveillance; second, it aimed at enriching the Fund's decision-making process by stepping-up external inputs.⁸ The review noted that a major reform of the legal framework would more strongly support surveillance (IMF, 2011a), but proposed a new decision that would govern both bilateral and multilateral surveillance within the confines of the existing Articles (IMF, 2011b), which led to the adoption of the ISD.

Main Elements of the ISD

9. **On July 18, 2012, the Board adopted the New Decision on Bilateral and Multilateral Surveillance, also known as the Integrated Surveillance Decision.** As the GFC had laid bare the need for the Fund to better integrate bilateral surveillance and the analysis of spillovers arising, inter alia, from members' domestic policies, the Decision was expected to enable the Fund to have greater ability to detect vulnerabilities in, and risks to, member countries, and to assess their impact on global stability at an early stage, engage members in dialogue on these vulnerabilities and risks, and provide them with timely policy advice. This would help members to take measures to address these vulnerabilities and risks before they evolve into crises and would offer elements for richer discussions with members on spillovers that could affect their stability.

10. **The ISD made Article IV consultations a vehicle not only for bilateral surveillance but also for discussing the global impact of domestic policies, albeit without the power to require members to change policies.** The objective was to promote more comprehensive, integrated, and consistent spillover analysis, and formally enabling the Fund to consider in its discussions with a member country the full range of spillovers from all its policies (not only its exchange rate policies), particularly when they may have a significant impact on global stability, and gave the Fund the ability to discuss spillovers arising from the policies of individual members that may undermine global financial or economic stability as part of Article IV discussions, and to suggest alternative policy actions. However, the Decision does not give the Fund the power to require that a member change its policies, as long as the member is promoting its own domestic and balance of payment stability.

11. **The ISD had flexibility to adapt to evolving challenges while considering countries' circumstances.** Even if it kept members' obligations unchanged, the ISD's new legal framework had built-in flexibility both to adapt surveillance operations to changing circumstances and to maintain space for paying due regard to individual country circumstances, as requested especially by the EMDE member countries. Directors agreed with the approach proposed in the Decision to

⁸ The review included important inputs from preceding IEO evaluations that identified areas to improve the Fund's surveillance and processes (IEO, 2006; 2010; 2011).

fill the gaps of bilateral surveillance through multilateral surveillance.⁹ At the April 2012 Spring Meetings, the IMFC "...commit[ted] to support the decision process" and endorsed it at the subsequent Annual Meetings.¹⁰

12. **In the process that led to the ISD, it helped that the new Decision de-emphasized the analysis of exchange rates.** This assuaged the lingering resentments associated with the experience of the 2007 Decision and a context where the perception was widespread that Fund's surveillance was not evenhanded. Moreover, to address the problems that had emerged in the 2006 multilateral consultation, the ISD laid out procedures for future multilateral consultations, clarifying that the Fund's role would be to act as *facilitator* rather than *broker* of solutions. Also, by including Principle E, the Decision reassured EMDE member countries that advanced economies, too, would be covered by Fund surveillance.¹¹

Assessment

13. **Even before the GFC, Fund management had been active in seeking to strengthen surveillance, especially its multilateral leg.** As the GFC shifted the premier forum for international policy coordination from the G7 to the newly established G20, Fund members remained strongly skeptical against Management's arguments that updating the Fund's mandate was necessary to revive the Fund's surveillance role in a radically changed global economy. Management thus acted prudently and pragmatically and proposed that the Board would adopt several initiatives to improve the effectiveness of surveillance and make it more relevant in the new global context, without changing the Fund's mandate. But the GFC showed the limitations of Fund surveillance,¹² and eventually led Management to propose a new surveillance decision that would lay out new Fund responsibility to oversee the IMS. Thus, in addressing the questions raised by the IEO on the drivers of the changes in surveillance, the conclusion is that, while Management acknowledged the surveillance failures ahead of the GFC and considered redefining the Fund's tools and mandate to intervene on members' policy spillovers, the Fund's membership did not follow through and only allowed the Fund to adopt the ISD as a compromise solution that would not alter the Fund's mandate.

⁹ *Modernizing the Legal Framework for Surveillance—An Integrated Surveillance Decision*, Minutes of Executive Board Meeting 12/72-2, IMF, July 18, 2012.

¹⁰ See Communiqués of the Twenty-Fifth and Twenty-Sixth Meetings of the IMFC, International Monetary Fund, held on April 21, 2012, and October 13, 2012, respectively.

¹¹ Principle E required members to "seek to avoid domestic economic and financial policies that give rise to domestic instability." Not without irony, Legg, cit., noted that a similar draft principle had been dropped from the 2007 Decision at the insistence of those same members concerned at the Fund's potential intrusion into domestic policy sovereignty.

¹² Much as the financial crises of the EMDEs in the late 1990s had shown surveillance shortcomings deriving from the Fund's limited attention to macro-financial issues. For an analysis of how the Fund developed substantial capacity on financial sector issues in response to the financial crises of the 1990s, see Bossone (2008c).

14. **The ISD was acceptable to all members because it did not expand their obligations under the Fund's Articles.**¹³ This made the Decision less ambitious than what would have been needed for surveillance to better reflect the world's evolving economic realities. Still, it was probably the best compromise possible, given the circumstances: a compromise between the need (especially felt by Fund management) to strengthen surveillance, on one side, and the constrained international political environment (epitomized by the Fund's membership), on the other, whereby the Fund should not be empowered to encroach on its members' national policy sovereignty beyond what its mandate allowed it to do. In addressing the question raised by the IEO on whether the ISD was appropriately justified, the answer is affirmative, since the rationale for the new decision was fully articulated and discussed by all relevant stakeholders. The ISD indeed came out as an important step toward improved surveillance. However, it was not a change positioning the Fund at the center of international economic and financial cooperation, clearly, this was not the objective that Fund members were after.

B. Surveillance Under the ISD

15. **The application of the Fund's surveillance mandate has evolved significantly under the built-in flexibility of the ISD.** The change in surveillance was made possible by the flexibility that was deliberately built-in within the Decision and by the capacity of the Fund's management and staff, supported by the Board, to adapt surveillance to the changing economic realities drawing both from Fund's internal lesson-learning and "soul-searching" processes, and from a much deeper openness toward internal and external critical views and intellectual resources. The following subsections considers two dimensions: (i) the key milestones in the evolution of surveillance under the ISD; and (ii) the change management process that has driven and supported such adaptation.

Evolution of the ISD: (i) Key Milestones

16. **The methodology and depth of surveillance review processes was enriched significantly to ultimately improve the quality and traction of surveillance.** The focus was to embed innovations into the practice of surveillance, drawing on the lessons from the evolving experience, and at the same time continuing to adapt surveillance to emerging challenges with the aim to deliver "smarter" surveillance, that is, analysis and expert advice that would be tailored to country circumstances and enriched by continuous dialogue with member countries (IMF, 2014a). To identify these steps the Fund drew from an unprecedentedly wide array of information sources and methodologies expanding the depth and breadth of the surveillance review process. Substantial work went into the preparation of guidance to staff for operationalizing the ISD; checks on implementation and attention to corrective actions were

¹³ At the Board discussion in preparation of the ISD, some Directors had recognized that a more effective solution would have been to amend the Articles of Agreement, but they recognized the limited support for such an amendment (*Modernizing the Legal Framework for Surveillance—Building Blocks Toward an Integrated Surveillance Decision*, Minutes of Executive Board Meeting 12/35-1, IMF, April 6, 2012).

intensified, where needed; internal and external communications activities multiplied; and openness to ideas and criticism became part of the institution's habit, also through the engagement of Fund's external stakeholders. All this resulted, inter alia, in a growing surveillance toolkit, which now comprised an extended set of instruments and activities to be integrated and coordinated, as well as new outputs in the form of notes, reports and publications available to country authorities, stakeholders, and the public.

17. **The changes in surveillance emerged through key milestones that punctuated the implementation of the ISD and its review process.** These include the IMF's FSS, the 2012 Institutional View (IV), the 2014 Triennial Surveillance Review (TSR), the 2018 Interim Surveillance Review (ISR), the creation of the Integrated Policy Framework (IPF), the Comprehensive Surveillance Review (CSR), among others (they are recalled and briefly illustrated in Annex I, and Figure 1 represents the time flow of ISD implementation). The reviews of surveillance investigated the weaknesses of surveillance vis-à-vis the evolving economic realities facing Fund members and the global economy and brought to the surface important elements of change needed to improve its effectiveness. The key milestones were not only those directly relating to the regular reviews of surveillance, but also those that provided strategic direction and guidance to the implementation and adaptation of the ISD.¹⁴

- **The 2014 TSR concluded that progress in some areas of surveillance was still lagging.**¹⁵ The review identified three fronts for strengthening surveillance—integrating and deepening risk and spillover analysis; providing more tailored and expert policy advice; and achieving greater impact—and submitted several recommendations. The Board did not endorse the proposal to appoint an expert group to explore how to strengthen the Fund's role and to evaluate the adequacy of its mandate but saw merit in establishing a mechanism for the authorities to report concerns on evenhandedness. The Board acknowledged that some of the review's proposals required additional resources but urged Management to implement the Board-endorsed recommendations within a neutral resource envelope.¹⁶ Given the time necessary to implement the plan, the TSR process was moved to a five-year cycle and complemented by an interim progress report every 2½–3 years.

¹⁴ For instance, initial guidance developed in IMF (2012d) made it clear that the overall focus of surveillance was on both individual members' stability and the effective operation of the IMS. It indicated modalities for improvement in the five areas defined as operational priorities (interconnections, risk assessments, financial stability, balance of payments stability, and traction). More recently, IMF (2021b) articulated the surveillance priorities and trends identified in the CSR, added a section on the IPF, provided guidelines on how to assess macrocriticality, and indicated how to make Article IV staff reports more focused.

¹⁵ The 2014 TSR was preceded by a preparatory concept note (IMF, 2013a), which set the scope for the upcoming review to assess how effectively the Fund was implementing the ISD framework and how it was responding to the new policy challenges.

¹⁶ *2014 Triennial Surveillance Review*, Minutes of Executive Board Meeting 14/90-2, IMF, September 26, 2014. The TSR recommendations approved by the Board went into the 2014 Managing Director's Action Plan for Strengthening Surveillance, which translated them into a detailed implementation roadmap.

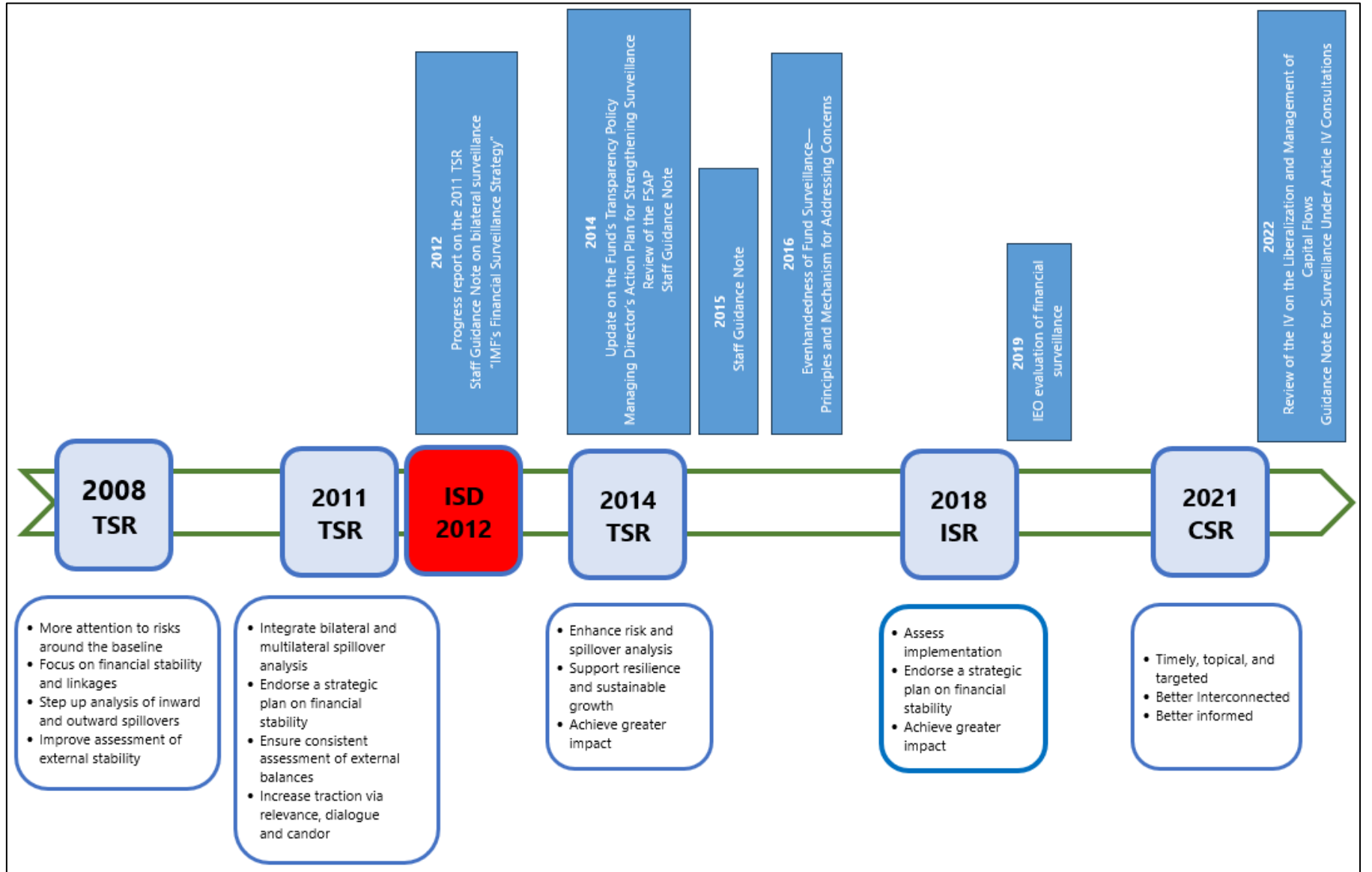
- **The 2016 Principles and Mechanism for ensuring evenhandedness of Fund Surveillance (IMF, 2016).** Following the recommendations of the 2014 TSR, this paper outlined the key elements of a framework to operationalize the principles for evenhanded surveillance, namely how “inputs” that shape surveillance (i.e., available resources, analytical depth, quality of engagement) could provide a basis for assessing how well surveillance “outputs” (effectively, the Fund’s policy advice and its presentation) are calibrated to country circumstances, and sketched out a possible mechanism for reporting and assessing specific concerns by country authorities.
- **The 2018 ISR concluded that surveillance had become better adapted but gaps remained.** The ISR set a best-practice example of a review process that allows to evaluate surveillance within a structured approach (IMF, 2018b). The ISR concluded that Fund surveillance had become better adapted to the global conjuncture and more integrated and risk-based, but also noted several weaknesses. A critical finding was that the ISD had brought in a very substantial increase in the range of approaches and tools available for analysis. This made selectivity and tailoring ever more crucial to prevent that abundance of information would affect the quality of the policy message. The Board endorsed the IRS with no significant challenges, except for the concerns expressed by a few Directors on Article IV reports for systemic economies lacking coverage of outward spillovers.¹⁷
- **The 2021 CSR projected a new strategic direction for surveillance over the coming years, including broadening the scope of surveillance to “non-traditional” areas.** Benefitting from a wealth of background papers (IMF, 2021c–j) and the use of pilots, the review identified new uncertainties and important global trends, and proposed four priorities to help membership confront the challenges ahead.¹⁸ The introduction of “economic sustainability” as a surveillance priority was a major change and received full endorsement from the Board.¹⁹ The new strategic direction was intended to make surveillance more timely, topical, targeted, interconnected, and better informed, and the review proposed operational modalities to achieve these objectives but expanded the scope of surveillance beyond the Fund’s traditional core areas, into newer policy areas for which the Fund may lack capacity or which fall under the purview of other institutions. Besides, the efforts to strengthen surveillance have caused the Fund’s set of analytical tools to grow inordinately large, with the risk of creating product indigestion for both the staff and the authorities.

¹⁷ This point, however, did not even make it to the meeting’s summing up. *2018 Interim Surveillance Review*, Minutes of Executive Board Meeting 18/31-1, IMF, April 5, 2018.

¹⁸ These priorities are: (i) confronting risks and uncertainties, particularly those of major underlying trends; (ii) preempting and mitigating adverse spillovers, particularly those coming from new and less well understood channels for contagion; (iii) fostering economic sustainability; and (iv) adopting a more unified approach to policy advice to foster greater coherence of policy advice while still taking country-specific circumstances into account.

¹⁹ *2021 Comprehensive Surveillance Review*, Executive Board Minutes 21/45-1, IMF, May 10.

Figure 1. Implementing the ISD: Key Milestones



Source: Author.

Assessment

18. **In line with the ISD objectives, the changes that emerged through the key surveillance milestones have resulted in a multilaterally consistent, risk-based, and integrated surveillance framework.** The surveillance reviews that took place during the observed period were of high and growing quality. The ISD has provided a flexible enough framework to facilitate the adaptation of Fund's surveillance framework to changing realities over time. Further and appropriately, while the Fund used to adapt surveillance (ex post) only after being caught by surprise by some major events,²⁰ experience with the ISD and, especially, the approach taken by the CSR show the Fund becoming more proactive in adapting surveillance (ex ante) by trying to anticipate future world developments. There has also been considerable progress in the Fund's ability to map risks and vulnerabilities and greater consistency between identification and discussion of risks (IEO, 2019).²¹ The surveillance framework involves designing processes to ensure that the Fund identifies the major risks to global economic and financial stability, directing resources to where risks are most severe. It covers interconnectedness and spillovers, assessments of external and financial stability and early warning exercises, risk assessments, and it includes them in policy discussions with country authorities.

Evolution of the ISD: (ii) The Change Management Process

19. The change management process that has governed the evolution of the ISD is here considered from three angles: governance and strategic directions, budget and human resources, and collaboration with other international organizations.

Fund Governance and Strategic Directions to Surveillance

20. **In addition to the formal decision-making organs of the Fund, international bodies play a critical role in influencing the institutional strategic direction.** These bodies are the IMFC, acting in an advisory capacity,²² and the international groupings of countries (i.e., the G5, G7/G8, and G10 in the past, and more recently the G20, as well as the G24) that drive or contribute to international policy cooperation and can influence the choices of international organizations like the Fund. Considering the role of these actors within this case study has led to the following observations.

²⁰ This was the case with the integration of macro-financial analysis within surveillance following the crises that had hit the emerging market economies in the late 1990s (Bossone, 2008c), and it was again the case with the ISD following the GFC, as discussed in Section II.A.

²¹ Article IV staff reports now regularly identify major risks and provide an assessment of their relative likelihood and economic impact, and debt sustainability analyses include a rigorous and quantitative discussion of risks to fiscal sustainability. The new quantitative tools are now regularly used to assess global macro-financial risks.

²² The IMFC advises and reports to the IMF Board of Governors on the supervision and management of the international monetary and financial system.

From the G7 to the G20: A Drastic Change for the Fund

21. **Demands from the G7, and since 2008 more prominently the G20, have contributed to driving the Fund’s work in the past decades.** Historically, the evolution of the Fund can more often than not be characterized by a decision-making process flowing from the world’s leading group of the largest economies (then, the G7) to the Fund (although the group has no formal role in the governance of the Fund and the direction of its activities). As an example, the progressive involvement of the Fund in financial sector surveillance since the late 1990s showed the record points to the G7 taking the lead and keeping a strong grip on the process, including through detailed technical indications on the steps to be taken by the Fund (Bossone, 2008c). The Interim Committee (and its successor, the IMFC) have broadly accepted the new demands from the G7 and called on the Fund to deliver the appropriate responses, while the Board (in interaction with Management) ensured that the organization would execute its mandate as expected. Since 2008, and as a consequence of the GFC, the G20 has replaced the G7 as the lead actor in the global scene and its involvement is much broader than the G7 since the group influences a far larger and more complex set of international institutions and agencies (of which the Fund is one), and its indications to the Fund are specific, not only strategic.²³

The IMFC in Search of a Role

22. **While, in principle, the space for the IMFC to act as designer of the Fund’s strategy had broadened considerably, in practice the strategic role played by the Committee has been modest and the IMFC has not proved to be a driver of change.** In the early years of ISD implementation, the IMFC role played a limited strategic role and had limited itself to endorsing policies already approved by the Board or to encouraging work still in progress. Only from late 2015, the Committee started indicating forward-looking objectives for the Fund to pursue, in line with the evolving needs of the global economy.²⁴ However, such indications eventually translated into long compilation lists of recommended activities, with no specification of priorities, nor any consideration of the capacity of the Fund to deliver on them. Also, the IMFC expressed the commitment of its members to cooperate on several economic and financial policy initiatives and, at every meeting, it offered a set of collective policy intentions. However, it did not contemplate any coordination mechanism to ensure follow-up action nor any peer-review process to check on progress. Far from evolving into the ministerial body that had been originally conceived,²⁵ the IMFC did not even exercise its expected advisory function.

²³ This conclusion draws from an exercise done by the author of this case study, which lists and compares all statements from relevant international groupings (G7, G20, G24 and the IMFC) during the period covered by this case study. For reasons of space, this analysis was not included in the case study but would be made available by the IEO to interested readers upon request.

²⁴ See previous footnote.

²⁵ When the existing surveillance framework was established as part of the Second Amendment of the Fund’s Articles (1978), provision was made in Schedule D for the establishment of a ministerial level—the Council—based on the belief that involving political authority beyond the Executive Board would support a more effective exercise of the Fund’s new surveillance authority.

The Supportive Role of the Executive Board

23. **The Board played a supporting role in helping both in implementing the ISD and in adapting surveillance to changing economic realities.** In the context of the 2014 TSR, the Board provided guidance on several crucial aspects ranging from refining analytical tools, to encouraging better communication, delivering policy advice, assessing evenhandedness, identifying resource constraints, and others. Similarly, in the context of the 2018 ISR, the Board endorsed positions on several key matters including deeper and consistent coverage of outward spillovers, challenges from debt vulnerabilities, leveraging external expertise in areas where expertise was limited, better integration of capacity development with surveillance, among others. On the CSR, besides supporting the new strategic direction proposed under the review, the Board expressed views on the application of the surveillance framework, on Fund traction, and on the integration of climate change within the surveillance mandate and recognized the need for additional budget.²⁶

The Critical Role of the Management

24. **The processes leading to the ISD and the adaptation of surveillance since its approval were mainly driven by Fund management.** The strategic directions that steered surveillance under the ISD came from the proposals that Management and key senior staff put forward on the occasions of the periodic surveillance reviews. The process spanned from the origination and initial design of the Decision to the evolution of its underlying concepts and operational framework, as was illustrated in Section II. Management was the Fund's strategy maker and operated aptly in such a capacity within the "political" perimeter set by Fund members. An example of the critical role of Management as strategy maker relates to the introduction of climate change in the Fund agenda.²⁷

Yet a Big Gap Remains...

25. **The Fund—understood collectively as the institution and its membership—has no role in the final "outcome" of surveillance when it comes to systemic members.** In particular, notwithstanding the signalling effect that IMF surveillance has on member countries'

²⁶ See IMF Executive Board Concludes the 2021 Comprehensive Surveillance Review, Press Release NO. 21/136, May 20, 2021.

²⁷ The engagement of the Fund in climate change issues originated in 2015 from within the Fund, as a staff paper prepared the groundwork for it and the following November the Managing Director issued a statement on the Fund's role in climate change (see IMF, 2018a, p.2). The IMFC reacted positively, but still in 2018 only "A few Directors supported more systematic tackling of climate change." The G20 and G24 expressed no position, and the G24 only advocated for a role of the international financial institutions (the World Bank and IMF among these) in financing climate change activities in developing countries. By the time of the CSR, in 2021, the situation had changed drastically: "Directors recognized the importance of a more systematic integration into surveillance of macrocritical emerging topics, including climate change. They generally agreed that coverage of climate change mitigation in Article IV consultations would be strongly encouraged for the largest emitters of greenhouse gases." (IMF, 2021a, p.3). See Gallagher, Rustomjee and Arevalo (2024).

policies, the Fund has no role in the potential application of its policy recommendations. Moreover, international coordination of economic policies, whenever it happens, is not conducted within the Fund. It takes place outside of it, de facto excluding the institution that is statutorily mandated and organized to help the international community to pursue global goals through globally coordinated action. In this respect, the distance of the Fund from the G20 as the lead actor of economic policy coordination has grown since the days of the G7—for instance, Fund surveillance is hardly mentioned in G20 communications and constitutes at most an “input” to the G20. This exclusion creates a gap—a disconnect—between the practice of Fund surveillance and its application by members, limiting its effectiveness (see Section III).

Budget and Human Resources

26. **The Fund’s budget process adapted the institution’s resources to the new strategic priorities and their related needs, within an overall tight perimeter.** The process is part of a broader strategic planning framework that incorporates activities on strategic prioritization, risk management, and financial and budget management with the overall envelope and resource allocation set to ensure the delivery of the institution’s priorities. Even prior to the ISD, as the 2011 TSR had recognized that the budgetary implications of the review’s recommendations were not neutral, budget adjustments were made to accommodate the new emerging needs, including by freeing-up resources through internal adjustments.²⁸ Considering the budget process during the period of observation, two subperiods can be distinguished: (i) from 2012 to 2019, when the Fund operationalized and implemented the new Decision; and (ii) from 2020 to today, which marked a deep change in the underpinning conditions under which Fund budgeting would be planned and managed.²⁹

27. **From the ISD launch, surveillance was governed under an unflinching flat-budget discipline, of which the Board was the guardian, despite the exceptional hurdles of the global economy.** Throughout the whole period observed, the Fund’s budget process systematically incorporated the identified surveillance priority objectives and strategic directions into a medium-term, rollover framework for resource allocation. The process was planned and managed under strong internal restraint and was constrained by a tight flat-budget policy. Adjustments were made, when needed, under a conservative watch. However, none of the periodical surveillance reviews, during the observed period, tried to evaluate ex post whether budgeted resources had been adequate for the tasks assigned.³⁰ Looking forward, considering

²⁸ See, for instance, the discussion and figures on resource reallocations in IMF (2011c).

²⁹ This conclusion draws from an exercise done by the author of this case study, which analyzes the yearly developments of the IMF budget and human resource management processes during the period covered by the case study and identifies the two sub-periods mentioned in the text. For reasons of space, this analysis was not included in the case study but would be made available by the IEO to interested readers upon request.

³⁰ IEO (2019) identified important resource issues in its evaluation of financial surveillance, also noting the difficulty for the Fund to upgrade its capacity through hiring, given low staff turnover and the fact that the overall size of the Fund had been capped for the previous decade.

the expectations set for surveillance by the CSR, a much more flexible approach will be needed, as discussed in Section III, including a close ex post assessment of resource adequacy and whether (and how) surveillance effectiveness has been affected by resource limitations.

Fund Collaboration with Other International Organizations³¹

28. **The ISD and subsequent surveillance milestones have emphasized the need to collaborate with other international organizations, albeit with no clear guidance on its operationalization.** It is also the case that Fund collaboration with other organizations is often established and elaborated at the staff and Management level and is not fully integrated into surveillance reviews. These have indeed flagged elements for approaching collaboration strategically but have not provided thorough examinations of collaboration on the ground.³²

- The **2012 SGN** suggested that staff should discuss macro-social issues that are critical to macroeconomic stability (e.g., employment and income distribution), drawing where necessary on the expertise of other institutions,³³ but it did not indicate how to operationalize the process (e.g., whether the Fund should pre-agree on cooperative arrangements with select institutions) (IMF, 2012d).
- The **2014 TSR** established principles or “filters” to delineate the depth of the Fund’s involvement in policy advice and the engagement of expertise from other institutions, namely “macrocriticality”³⁴, and “in-house expertise.” Through the “macrocriticality” filter, surveillance would identify all macrocritical structural issues that need to be addressed and their macroeconomic implications. Yet, this single filter could imply a massive expansion of the Fund’s advice on issues, some of which might fall beyond its expertise. The other filter was thus “in-house expertise”: in the core areas where the Fund has expertise, surveillance should leverage it. Conversely, where the Fund does not have expertise, it should “borrow” it from other organizations. Yet, again, no indications were given on how to operationalize their application (IMF, 2014a).³⁵

³¹ See Abrams and Rustomjee (2024) for a detailed analysis of IMF engagement with partner institutions.

³² The framework for collaboration between the Fund and the World Bank is well-established in the 1989 IMF-World Bank Concordat and the 2007 Joint Management Action Plan on Bank-Fund Collaboration. Several IEO analyses (IEO, 2015, Ch.2; Zhou, 2017; Abrams, 2020) have pointed to the weaknesses in collaboration, including the lack of a single focal point within the Fund for formulating strategies and providing operational guidance to staff on collaborating with other organizations—a weakness that subsequent surveillance reviews should have considered. See Abrams and Rustomjee (2024) for a more detailed analysis on collaboration with third institutions.

³³ For example, the International Labour Organization, the Organization for Economic Co-operation and Development, and the World Bank.

³⁴ The concept of “macrocriticality” was established when the 2007 Surveillance Decision was developed. See SM/07/183 and SM/07/184.

³⁵ See Jannils and Wojnilower (2024) for a more detailed analysis of the term “macrocriticality” and its usage in IMF surveillance.

- The **2015 SGN** offered no guidance on when, how and with whom the Fund should establish cooperative relationships (IMF, 2015).
- The **2018 ISR** noted that while there had been some positive experiences of collaboration with other organizations, challenges to effective collaboration were rooted in institutional differences in objectives, approaches, and incentives. The review concluded that there could be more scope for externally financed consultants but did not provide any further recommendations on this matter (IMF, 2018a).³⁶
- The **2021 CSR** noted that in collaborating with other organizations it is important to avoid duplicating efforts and overstressing Fund staff's capacity. It also noted that, collaborative partnerships should reflect the topic, the distribution of expertise, and the mandates of the organizations involved. "Macro-criticality" was re-emphasized as a selection criterion and no operational guidance was provided in the **2022 SGN** (IMF, 2022).

Assessment

29. **The drastic change in surveillance that followed the ISD was mainly management-driven and has not been coupled with commensurately ambitious strategies on budget and collaboration with third institutions.** As the G7 let the G20 take the lead in global governance, the IMFC role remained undefined and unclear, and Fund management emerged as the Fund's true "strategy maker," exploiting the space left by members (under the "no-change-in-mandate" constraint) to try and make the most in terms of surveillance effectiveness and Fund's global centrality. The Board provided valuable advice to the strategy-making process, and the operational guidelines to staff were sharp, complete, and detailed. In addressing the questions raised by the IEO on whether appropriate budgeting and guidance to staff on how the Fund's role should be articulated with third key organizations, the broad assessment is negative. Additionally, while the ISD has allowed for a significant reorientation of the surveillance, the IMF is not the place where international policy cooperation takes place, and the gap that separates the practice of surveillance from its application by members limits its effectiveness. The CSR has opened new avenues for making surveillance more relevant. Success will require, inter alia, further budgetary flexibility, new skills, and an operational approach to collaboration with other organizations. Most of all, however, success will require strong will by members to position the Fund (as a multilateral statutory institution) at the center of cooperation.

³⁶ The ISR refers to a strategy of leveraging Fund's collaboration with other agencies, but it is not clear where this strategy can be found.

III. THINKING FORWARD

A. A Fundamental Asymmetry

30. **The processes that have led to the ISD and its adaptation over time are underpinned by a “fundamental asymmetry” that constrains the effectiveness of Fund surveillance.** The asymmetry is such that, in today’s highly economically and financially integrated world economy, where systemic risks increasingly arise from the international transmission of shocks and the external effects of domestic policies (“spillovers”), no institution is given the authority to manage these risks at the world level and in the interest of global economic and financial stability, as domestic policy authorities do within their national borders. This is because the powers and responsibilities of policy making are nationally based, and policy makers respond exclusively to national constituencies. This “fundamental asymmetry” is not an accident; it is the consequence of a political volition consistently maintained by national governments, which has so far excluded the Fund, a multilateral statutory institution, from being at the center of international policy cooperation.

31. **A manifestation of this volition was the establishment by the world leading countries of the G20 as the “premier forum” for coordinating the international policy response to the GFC.**³⁷ This was followed by the G20’s decision to set up a mutual assessment process (MAP) to evaluate whether its members’ policies would collectively deliver on the agreed objectives.³⁸ All this occurred instead of electing the Fund as the appropriate forum for policy coordination (as its statutory position would warrant) and using IMF surveillance as the appropriate instrument for steering coordination. The 2014 TSR concluded that the Fund’s role in supporting the G20 was an additional channel for the Fund to influence global policymaking. Therefore, the review implicitly accepted that the G20 (not the Fund) was now the “owner” of the policy coordination process and the Fund’s role remained elusive as a result.³⁹

³⁷ See *G20 Leaders Statement: The Pittsburgh Summit*, September 24–25, 2009, Pittsburgh.

³⁸ See G20 Communiqué, Meeting of Finance Ministers and Central Bank Governors, United Kingdom, November 7, 2009. In 2009, the G20 launched a new surveillance process with the aim to ensure that global policies are consistent and supportive of growth. Referred to as the “Framework for Strong, Sustainable, and Balanced Growth,” it involved a mutual assessment process (MAP) of G20 countries’ goals and supporting economic policies. The MAP has been led by members and supported by the Fund. This setup was designed to secure buy-in from the members, while drawing on the Fund’s technical expertise to assess whether members’ policies are consistent with the needs of the global economy, and to make recommendations for policy adjustments to improve the global outlook.

³⁹ As Knight (2014) observes, the G20 is more representative than previous “G’s,” in that it has a broader country representation. The G20 reflects an explicit acknowledgement by the advanced countries that at least the “systemic” EMDEs should have a voice in the deliberations of the body that charts the course of cooperation. Nevertheless, it remains a restricted, self-selected group of national leaders and features some obvious governance weaknesses related to the lack of commitment to consider concerns of non-G20 countries or to guarantee that G20 decisions will reflect what is best for the global economy. Furthermore, the G20 has no established process by which countries are chosen to enter or leave the group as the economic weights of different countries evolve. Finally, the G20 has not set up a permanent secretariat.

32. **A corroboration of the Fund’s lesser role was the decision of having the IMF join as a member the FSB instead of extending the Fund’s mandate with new financial stability responsibilities (IMF, 2013b).** Rather than enhancing the financial oversight of a statutory, quasi-universally participated institution like the Fund, the G20 fostered the creation of a self-selected agency, the FSB, to coordinate financial policies with the participation of the IMF.⁴⁰

33. **The “fundamental asymmetry” derives from the Fund’s institutional dichotomy between the organization and membership dimensions of the Fund, which have different, or even diverging, objectives and interests.** This dichotomy can distinguish, on the one hand, the *Fund-as-an-organization*, that is, the internal and technical organs of the Fund, comprising its management and staff; on the other, the *Fund-as-its-membership*, that is, the political and external dimension of the Fund, which involves the national authorities (i.e., finance ministries and central banks) of its member countries. Somewhere in-between is the Executive Board, which should play a “dual” balancing role but in fact mostly sides with the membership.⁴¹ While the *Fund-as-an-organization* pushes for placing Fund surveillance (and in general all Fund activities) at the center of international policy cooperation, the *Fund-as-its-membership* guards the national policy sovereignty of its members from being undermined by new Fund’s external obligations or influences, in a context where large advanced members do not want the Fund to interfere with their policy choice, and EMDEs mistrust Fund advice when they believe it to be overly influenced by the large advanced members. As a result, Fund surveillance may only provide policy advice to its members, especially the large (systemic) ones, but it may not raise expectations that members will act on its advice to preempt spillovers or to mitigate their impact.

34. **The ISD was a compromise solution within this dichotomy by strengthening surveillance but falling short of giving extra powers to the Fund’s role vis-à-vis its members’ national sovereignty over policymaking.** As discussed, the Fund’s efforts to reform surveillance in the aftermath of the GFC eventually led to the ISD. The Decision redefined the scope of surveillance without altering member obligations. However, the effectiveness of surveillance mainly rests on its quality, which the *Fund-as-an-organization* can work on, but also on its traction and the ability to influence member’s policies, which can only be delivered by *Fund-as-its-membership*. Going forward, can the effectiveness of surveillance be improved in the face of the new priorities and global trends envisioned by the CSR, if its scope is to remain constrained within the space set by members?

⁴⁰ The Fund-FSB collaboration arrangement established in the joint IMF and FSB letter raises issues of clarity of their respective mandates. See IMF and FSF, *Letter to Ministers and Governors from Dominique Strauss-Kahn and Mario Draghi*, November 13, 2008. Available at www.imf.org/external/np/omd/2008/eng/pdf/111308.pdf.

⁴¹ The “dual” role of the Fund has never been clearly articulated, see Bossone (2008a).

B. The Effectiveness of Surveillance

35. **The purpose of the ISD was to make surveillance more effective, but assessing its success is not straightforward.** The effectiveness of surveillance may mean different things and can be measured differently. It may refer to the “outputs” of surveillance, and specifically the extent to which the quality of the Fund’s analysis and policy advice, as deliverables to members, has improved due to the ISD. More critically, effectiveness may refer to the “outcomes” of surveillance, that is, the extent to which the ISD has enabled the Fund to influence member policy choices in view of pursuing stability and sustainable growth. Clearly, each level of interpretation of surveillance effectiveness bears differently on the ability to “measure” it, since quantifying the outputs of a process is in general less problematic than measuring its outcomes, which are not only affected only by policy choices but also by many other variables whose impact is difficult to isolate. However, arriving at some form of measurement would be the best way to appreciate the real value of surveillance—an objective the Fund should pursue for all its activities.

36. **Only recently has the Fund’s review process of surveillance devoted systematic attention to the “outcomes” of surveillance.** Whereas the 2014 TRS and the 2018 ISR had considered the “outputs” of surveillance, the 2021 CSR gave emphasis to the Fund’s value added to policy dialogue and formulation and public debate in member countries as the “outcomes” of surveillance and the foundations of its traction. One background paper was dedicated to the topic (IMF, 2021i). The paper defined traction more precisely,⁴² and elaborated a comprehensive set of complementary approaches to measure it. The resulting evidence indicated that although Fund advice is taken up at broadly similar rates across advanced and EMDEs, receptiveness is systematically lower in advanced economies, and traction is weaker in larger and financially open economies, especially as regards the outward spillovers from their policies, precisely where effective surveillance would be most critical.

37. **When it comes to strengthening traction, the *Fund-as-an-organization* can only take measures that fall under its own control.** The CSR recommended measures that would “combine timely high-quality analysis that is relevant to the authorities, greater attention to country-specific issues including through integrating Capacity Development in Fund advice, continuous dialogue with country authorities, and stronger public communication” (IMFC, 2021a, para. 101) but did not advocate for a stronger commitment from members to cooperate within the Fund; nor did it propose changes to the ISD: the *Fund-as-its-membership* was still unwilling to take this step.

⁴² Traction is defined as the extent to which a) the Fund and its members engage in a constructive policy dialogue and b) Fund advice influences policy making or results in policy action. Five interrelated pillars are used to analyze it: (i) surveys of Executive Directors and authorities; (ii) sentiment analysis on authorities’ views in Article IV Staff Reports using deep learning techniques; (iii) implementation of Fund Article IV advice (hitherto the only measure of Fund traction considered in surveillance); (iv) uptake of Fund surveillance products by the broader public; and (v) case studies (IMF, 2021i).

38. **Yet, there is only so much the ISD can do to raise the effectiveness of surveillance without the commitment of its members to make it more effective.** The adaptations recommended by the CSR will be necessary for surveillance to improve its performance under the envisioned new priorities; but they would not be sufficient if members did not intensify their commitment to cooperate within the Fund, building on surveillance. The effectiveness of surveillance depends not just on the quality of the analysis produced by the *Fund-as-an-organization*, but on the commitment of the *Fund-as-its-membership* to coordinate its members' policies through surveillance. This holds especially if effectiveness is referred to the Fund's traction on the policy choices of its large (systemic) members.

39. **All this in a context where spillover effects will become much more impactful in a shock-prone global economy.** The ways in which the global trends identified by the CSR will affect present and prospective balance of payments or domestic stability—and economic sustainability in the longer term—will increase the frequency and impact of spillovers across the world and will require more effective Fund surveillance and greater international policy cooperation. Sustained cooperation will be necessary, as well, for the world economy to address the ongoing global trends that affect economic sustainability (e.g., demographics, climate change, technological change, inequalities, geopolitics and deglobalization risks). One in particular—climate change—will make the ISD insufficient for this purpose, if the gravity of the problem escalates to a point where the economic policies of individual countries (especially the systemic ones) will have to be subjected to climate change mitigation and low-carbon transition priorities, or the impact on the global economy will become unbearable. Other global issues and trends might soon become relevant and be at the origin of spillover effects: the evolving macroeconomic outlook and changes needed to the economic policy model to preserve economic and financial stability; the consequences of the U.S.-China relations for the IMS and the position of the US dollar; and the financial architecture needed to ensure sovereign debt sustainability, with special attention to Europe (Corsetti and others, 2023).

40. **On a positive note, the introduction of “economic sustainability” is an outstanding development under the ISD, which introjects a longer-term vision within macroeconomic policy design.** The Board discussion of the CSR showed Directors' strong support to introducing “economic sustainability” into surveillance.⁴³ At the same time, reading through the discussion gives the impression that Directors hold different interpretations of the concept and have different expectations about its application. From the operational standpoint, key questions remain open, and need being addressed. The lack of an unambiguous understanding of “economic sustainability,” and a commonly agreed operational framework for it, might weaken the focus of surveillance and affect its effectiveness, looking forward. Thus, in addressing the various questions raised by the IEO evaluation on the sharing of a clear understanding of the Fund's surveillance mandate under this important innovation, the answer would be negative.

⁴³ 2021 *Comprehensive Surveillance Review*, Executive Board Minutes 21/45-1, cit.

C. Proposals to Improve the ISD

41. **Although it has significantly improved surveillance, the ISD will not be enough to manage effectively the increasing externalities emanating from national uncoordinated actions (or inactions).** The greater the impact of the unmanaged externalities, the stronger the call for institutional solutions whereby governments will have to commit to cooperating within a multilateral, representative, organization, which can permanently focus on achieving the appropriate level of coordination of economic policies among its members. Looking forward, this section proposes steps to improve the ISD, with a view to strengthening its application drawing on the findings of this evaluation paper. The next section speculates further on possible reforms that would move beyond the ISD. All these changes are not a “legal” matter but “political” one that would need a major change in IMF member states vision of the Fund’s role at the center of international economic and financial cooperation.

Budget and Human Resources

42. **Larger resource needs should be anticipated and supported.** This should not be surprising, considering both the growing commitments befalling upon the Fund with the implementation of the CSR recommendations and the increasing uncertainties characterizing the global economic and financial context, all of which are likely to precipitate larger resource needs. To the extent that Fund members will credibly support those commitments, the scope of surveillance can be expected to expand considerably (including into several new and challenging areas) and in turn will require adequate (administrative and capital) resources—meaning a growing budget envelope. The Fund and its members should be prepared to exercise the necessary flexibility, if they intend to achieve high-quality surveillance in a rapidly changing context.⁴⁴ While since 2020, the Fund has hired new staff and considerably increased opportunities for internal mobility, the need for additional budgetary and human resources can reasonably be anticipated, if the ambitious reforms proposed above (in particular, those on climate change and FSB integration) are adopted by members and implemented. It would be important that periodic surveillance reviews assess whether and how surveillance activities have been constrained by budget stringencies, during the period under review, and with what impact on surveillance effectiveness. Importantly, periodic surveillance reviews should devote much deeper attention to the budget needs relating to surveillance activities (both current and newly proposed ones) and to the adequacy of the (given or expected) resource allocations. Any proposal to change surveillance should be costed and the budgetary implications reported as part of the review process, providing the Board with cost-benefit elements, including resource trade-offs in the presence of budget stringencies.

⁴⁴ IMF (2021b) concluded that modernizing surveillance will likely require additional resources, although estimates are highly uncertain at this stage, and offered a tentative costing of new proposals with significant budgetary implications.

43. **The Fund should extend efforts to develop skills and knowledge among its staff, including to facilitate the technical dialogue between the Fund and other institutions.** Extra efforts will be necessary to ensure that all staff teams have adequate talents to confront the expanding scope of surveillance. A key step will be to provide more attractive career paths for economists from diverse backgrounds and with different experiences, technically versatile, and with aptitude to interact with experts from disciplines and institutions whose focus lies outside the Fund's traditional areas of expertise. In other words, while it should not be expected that the Fund builds capacity in areas that are not under its responsibility, it should nonetheless develop capacity to entertain meaningful dialogues with experts and institutions covering those areas.

Collaboration with Other Organizations

44. **With a view to strengthening collaboration with other organizations, the Fund should establish operational guidelines.** This is especially important as the scope of surveillance has broadened and will further extend into areas where the Fund has no jurisdiction and has not developed in-house capacity. The elements noted in Zhou (cit.) are a useful starting point to articulate protocols that the Fund should agree with other institutions to define specific collaboration modalities. These protocols could be supplemented with the results of additional dedicated (institutional, legal, and operational) analyses, which would help distill appropriate guidelines. Through the surveillance review process, the Fund could then periodically assess collaboration on the ground, how it has worked and with what effects, and should reconsider the guidelines and adapt the practices if necessary.

The Outcomes of Surveillance

45. **The Fund should establish a "surveillance track record" showing whether and how economic performance has changed when its policy advice has been followed.** This should be done both at the bilateral and multilateral level, starting with at least the large (systemic) members. At the bilateral level, the Fund could introduce new metrics whereby the staff would: (i) record the level of (non)conformity between member country policy choices and Fund policy recommendations; and (ii) estimate the deviations of actual from projected results, both in the case of policy conformity and nonconformity. At the multilateral level, the Fund should be able to show persuasively—through a systematic ex post analysis of outcomes—that there have been occasions when significant gains would have accrued to the global economy if systemic members had altered their policies in response to Fund advice. A practice could be established, for example, whereby, prior to each early warning exercise presentation to the IMFC, the Fund would regularly provide senior officials of IMFC member countries with a retrospective analysis of the advice they had given to members countries in the recent past, an assessment of the degree to which the Fund's advice had been followed, and, if so, whether the outcomes did indeed result in a better performance than would have occurred without policy adjustments. Conversely, in cases where the staff judged that the recommended policies have not been taken, they would express their judgment as to whether the resulting performance weaknesses have exacerbated vulnerabilities.

Economic Sustainability

46. **The concept of “economic sustainability” as a priority for Fund surveillance should be defined operationally.** At the Board discussion of the CSR, a question raised as to what specific tools and knowledge would be brought to mission teams on this topic, and what requirements would be in place on the treatment of such issues, remained unanswered.⁴⁵ While selecting and using indicators related to economic sustainability would be key for the identification of macrocritical trends and issues, and the analysis of their impacts on economic sustainability, arriving at a clear working definition of the concept would be an essential step. This would generate a much-needed common understanding of the concept across all relevant stakeholders and align their expectations on how in practice it will be integrated into Fund analysis and policy advice. The concept should then be articulated in organization principles, establishing the framework within which the Fund should apply it effectively and efficiently, which would then be reflected in a set of operational guidelines. The process could be supported by an open dialogue that involved the *Fund-as-organization* and the *Fund-as-its-membership* as well as a broad spectrum of external stakeholders.

D. A Bolder Approach: Moving Beyond the ISD

47. **Steps beyond the ISD would be necessary to enable the Fund to pursue global stability in times of high international interconnectedness and spillovers.** These steps would be intended to institutionalize the international policy cooperation process under the purview of the Fund and to avail the Fund of the tools to facilitate agreements among members. Establishing a structured approach to cooperation (rather than relying on episodic and reactive instances of cooperation) to mitigate the “fundamental asymmetry” provides a compelling case for amending the Fund’s Articles of Agreement. At present, there is no realistic prospect that this option would be contemplated by Fund members; even less so at a time of rising global geopolitical tensions. However, this is no reason for not “thinking outside of the box” when confronting global issues that incremental solutions are unable to address (Annex II provides the author’s views on the possible key elements for a more ambitious agenda).

⁴⁵ 2021 *Comprehensive Surveillance Review*, Executive Board Minutes, cit.

ANNEX I. KEY MILESTONES IN THE IMPLEMENTATION AND REVIEW OF THE ISD

- ***The 2012 progress report on the 2011 TSR:*** Provided a short update on the first year of implementation of the 2011 TSR in line with the Managing Director's Statement on Strengthening Surveillance of October 2011, and in preparation of the ISD. It purported to establish, at an early stage, whether the new operational priorities were being implemented, set out key areas of progress, and discussed the challenges raised in their implementation. The report also identifies areas where further efforts could be directed to ensure even implementation and delivery of effective surveillance (IMF, 2012c).
- ***The new Staff Guidance Note (SGN) on bilateral surveillance issued in 2012:*** Followed the adoption of the ISD, which replaced the 2009 bilateral surveillance SGN (IMF, 2012d). The new guidance required Article IV consultations to cover global financial and economic developments, and spillovers from policies of individual members that might affect the operation of the IMS and undermine global stability.
- ***The 2012 "IMF's Financial Surveillance Strategy":*** Outlined strategic priorities for the Fund's financial surveillance and proposed prioritized steps to further strengthen financial surveillance so that the Fund could fulfil its mandate to ensure the effective operation of the IMS and support global economic and financial stability (IMF, 2012f).
- ***The 2012 Institutional View on the liberalization and management of capital flows:*** Clarified that capital flows are integral to surveillance and the Fund may advise members on related policies and provide guidance to both source and recipient countries (IMF, 2012f).
- ***The 2014 TSR*** (recalled above): Identified measures to further integrate bilateral and multilateral surveillance and recommended appointing an external group to explore how to strengthen the Fund's role in global cooperation, including the adequacy of the Fund's mandate for ensuring global economic and financial stability.
- ***The update on the Fund's Transparency Policy in 2014:*** Provided guidance to staff on the implementation of the policy with the objective to strengthen the Fund's effectiveness by providing the public with access to Fund views and deliberations, thus informing public debate and building traction for the Fund's advice, supporting the quality of surveillance (and programs) by subjecting the Fund to outside scrutiny, and enhancing the Fund's legitimacy by making the institution more accountable (IMF, 2014n).
- ***The 2014 Managing Director's Action Plan for Strengthening Surveillance:*** Submitted specific actions in the priority areas agreed in the 2014 TRS (IMF, 2014m).

- **The 2014 review of the FSAP:** Intended to maximize the FSAP input to surveillance and to better align the reviews of the FSAP with the broader reviews of the Fund’s surveillance to facilitate the assessment of the integration between the two products (IMF, 2012o).
- **The new SGNs issued in 2014 and 2015:** The former aimed to facilitate Fund advice on macroprudential policy (IMF, 2014p);¹ the latter emphasized stability as the guiding principle of surveillance and required staff to determine both the extent to which the issue was deemed to be *macrocritical* and whether the Fund had the necessary expertise (IMF, 2015).²
- **The 2017 initiative to mainstreaming macro-financial analysis in Article IV consultations:** Laid out how country teams had integrated macro-financial analysis into the outlook and risk assessments of their reports. The initiative identified areas where country teams should make further efforts and pointed to the main challenges staff may have encountered in the process (IMF, 2017).
- **The 2017 guidance on the application of macro-financial surveillance:** Offered guidance to staff on tailoring macro-financial analysis to the circumstances of a diverse set of economies and mainstreaming it in line with the recommendations of the 2014 TRS and the Managing Director’s Action Plan (IMF, 2017).
- **The 2018 Interim Surveillance Review:** Assessed the progress made in surveillance since the 2014 review and found that it had become better adapted to the global conjuncture, more integrated, and more risk based, and confirmed that the criteria developed in 2014 for engagement in other policies than the four “core” policies identified in the ISD remained relevant (IMF, 2018a).
- **The 2019 IEO evaluation of IMF financial surveillance:** Examined the strategic directions, relevance, quality, and efficacy of the Fund’s financial surveillance activities and outputs focusing since the adoption of the 2012 Financial Surveillance Strategy. The emphasis was on the analysis and advice to countries with systemically important financial sectors, but the evaluation also examined financial surveillance in a broad range of member countries.

¹ This guidance elaborated on the principles set out in the “Key Aspects of Macroprudential Policy,” taking into account the work of international standard setters as well as the evolving country experience with macroprudential policy.

² “Macrocriticality” is discussed in Section III.A.

- ***The 2020 Fund's policy paper "Toward an Integrated Policy Framework"***: Considered jointly the role of monetary, exchange rate, macroprudential and capital flow management policies, and their interactions with each other and other policies, focusing largely on countries with flexible exchange rates (IMF, 2020).
- ***The 2021 Comprehensive Surveillance Review (CSR)***: Took place in the context of the global crisis resulting from the Covid19 pandemic. The review concluded that no changes to the ISD were necessary and that exchange rate, monetary, fiscal, and financial sector policies remained at the core of Fund surveillance and the Fund's mandate, while other policies or topics could be examined if they significantly influenced present or prospective balance of payments or domestic stability (IMF, 2021a). The CSR identified four priorities to help members confront the new economic challenges and five trends that could adversely impact economic sustainability and therefore warrant attention in the years ahead (see below).
- ***The 2021 supplement to the 2015 SGN***: Focused surveillance on the impact of the COVID-19 pandemic and expanded flexibility in terms of presentation of staff reports (IMF, 2021k). Neither the Supplement nor the ISR before it had a significant impact on the application of the Fund's mandate.
- ***The 2021 review of the FSAP***: Proposed to balance resources with priorities—including risks from climate and technological change—when deciding the scope of individual assessments, to deepen analytical approaches to assess and mitigate systemic risk as well as grappling with the after-effects of the pandemic are priorities, and submitted proposals to better support financial surveillance in Article IV consultations and proposes to strengthen the risk-based approach to mandatory assessments (IMF, 2021l).
- ***The 2022 review of the IV on the Liberalization and Management of Capital Flows***: Provided the basis for consistent advice and assessments of policies related to capital flows. The reviews of the IV was informed by the work on the IPF, the findings of the 2020 IEO evaluation on *IMF Advice on Capital Flows*, and staff's experience with the implementation of the IV.
- ***The 2022 Guidance Note for Surveillance Under Article IV Consultations***: Aimed to sharpen the focus and selectivity of Article IV staff reports. The note considers several applications of such policies, such as with respect to the IPF, climate change, and gender.

ANNEX II. A BOLDER APPROACH: MOVING BEYOND THE ISD

Multilateral Surveillance

The Articles of Agreement could be amended to entrust the Fund with achieving global economic and financial stability. The ISD does not—and cannot—remove the legal asymmetry relating to the treatment of spillovers and domestic policies. Domestic policies with spillover effects are of relevance for bilateral surveillance only if they also give rise to the domestic instability of that member. Domestic policies that do not give rise to domestic instability are discussed in the context of multilateral surveillance to the extent that they have important global spillover effects directly or indirectly. The Articles of Agreement could be amended to remove this asymmetry and empower the Fund to recommend members under bilateral surveillance to change their policies if they generate spillovers that significantly affect global stability, and even if they do not give rise to domestic instability.

Jurisdiction over the IFS

The Articles of Agreement could be amended to give the Fund jurisdiction over members' capital accounts and financial systems and integrating the FSB within the IMF. The expanded mandate would: (i) enable the Fund to promote a coordinated response to preempt or mitigate risks to the global economy arising from liquidity imbalances and financial cycles; and (ii) grant the Fund tools to address such risks to the IFS, including stronger mechanisms of persuasion or even enforceability. This amendment would endow the Fund with the capacity to promote international policy cooperation to govern the level and distribution of (official and private) liquidity worldwide and to impact the factors that generate global financial cycles under guidance from the standing IMFC. The Fund (not the G20 or any other non-representative grouping) would then be the place where international policy coordination takes place, when needed. The relationship between the Fund and the FSB could be reversed, with the FSB becoming a specialized section of the Fund and reporting to its (revamped) governance. This specialized section would retain its current responsibilities and continue to carry out its activities, with support from its existing structures and the Fund staff (adequately resourced). The integration of the FSB within the Fund would improve Fund advice on climate change-related issues (see next), drawing on the intensive research and knowledge building activity carried out by the world financial regulatory and supervisory authorities.

Climate Change

The Articles of Agreement could be amended to explicitly acknowledge a role of the Fund in climate change mitigation from a macrocritical perspective. While the adoption of the CSR's recommendations allows the Fund to engage on climate-related issues, under the ISD the Fund may not recommend members to change policies if their current policies result in inadequate action on climate change mitigation objectives. Considering the "existential" relevance of the issue, the Articles of Agreement could be revised to include a specific mandate for the Fund to address

climate change mitigation and to empower the Fund to provide policy advice (as well as technical assistance, and financial support) explicitly aimed at promoting low-carbon and climate-resilient pathways for members. Combined with the Articles' amendment on multilateral surveillance (discussed above), members would be expected—on request by the Fund—to change policies that are found to be inconsistent with the climate change mitigation objectives. To this end, Fund surveillance activities could be strengthened to incorporate more thorough assessments of climate-related risks and their potential impact on member countries' economies and the global economy, along the lines delineated in IMF (2021h), further integrated with those proposed in ECB (2022). The Fund's capacity and resources for these activities should be adapted as needed.

Governance

At the global level, the unevenness between the G20 and the IMFC could be resolved by transforming the IMFC into a standing committee while much more closely integrating G20 policy perspectives, thus preserving the IMFC's full representation of Fund membership.

Here, finance ministers and central bank governors, interacting with a revamped Executive Board (see below), would be responsible for international coordination of macroeconomic and financial regulatory policies, building on Fund surveillance. The role of the standing IMFC and the Executive Board would be clarified, with the former being responsible for delivering global strategic and policy directions, and holding the authority of establishing new financial facilities, and the latter ensuring independence and high quality to Fund policy advice and supporting ministers in translating Fund advice into policy choices and building the needed consensus around those choices.

As a standing committee, the IMFC would provide a permanent forum for ongoing policy dialogue.

The Committee would meet formally on regular schedules, as well as on ad hoc occasions when necessary, and would establish informal communication practices for mutual and quick consultations between its members. The IMFC could sustain cooperation in ordinary times, transforming it into a regular practice, rather than just reviving it in cases of emergencies and crises (where it tends to happen spontaneously). For each of the issues on the Committee's agenda, each member would have an obligation to consult with the authorities of their constituencies and report back to the Committee in case of diverging opinions, requests, recommendations, or proposals from any of them. In addition to ministers of finance and central bank governors, participation in the Committee would be extended to national financial regulatory and supervisory authorities.

Through Fund surveillance, the IMFC would support constructive policy discussions and set a mechanism for policy coordination.

The Committee would engage on policy discussions on global issues and aim at aligning diagnostics, objectives, and policies. Although the Committee should operate and decide by consensus, it would have formal voting rules and be given a mandate to promote global economic and financial stability. This would avoid the Committee's agenda from becoming overburdened (as it has happened to the G20). The constituencies of the new IMFC could be frequently re-delineated to ensure adequate representation of all Fund members, in line with economic realities.

The Board could be redesigned by adding to its executive function the role of advisor to the IMFC. The Board would continue to legislate in all ordinary areas of Fund policy, but a clear delineation of its responsibilities on surveillance (as well as all other Fund activities), vis-a-vis Management, would be necessary to facilitate an unbiased Board supervision of Management's performance. A formal link could be established between the Board and the IMFC to provide strategic counsel. To these ends, the Board could be strengthened. It could be composed by officials of higher seniority,³ holding greater sway with member governments and being better positioned to play an independent role as Fund administrators. They could be elected by member countries for a considerably longer mandate than today. The Board could be led by its own chairperson, appointed by the IMFC, while the Managing Director could become the Fund's Chief Executive Officer, under the Executive Board and its chairperson (Bossone, 2008b). Representation and voting within the Fund could be frequently reassessed, in line with economic realities, and the requirement of appointing the five chairs for the five largest quota-holders should be eliminated.

Under the reformed Fund governance, the application of the Fund's mandate would be expected to improve. The standing IMFC would represent the interests of the *Fund-as-its membership*; it would be the global forum for international economic and financial cooperation (and policy coordination when needed), provide strategic guidance to the Fund, and set its general policy directions. On the other hand, the Board would be independent of national governments; it would represent the interests of the *Fund-as-an-organization* and act as link between the two dimensions of the Fund; it would be responsible for upholding the Fund's statute, proposing policies, advising the IMFC, implementing decisions, guiding Management in the day-to-day affairs of the Fund, and reviewing the Fund's performance.

The proposed reforms would be expected to enhance the effectiveness of IMF surveillance. By amending the Articles of Agreement to empower the Fund with a structured approach to international policy cooperation and to grant it jurisdiction over members' capital accounts and financial systems, the reforms would establish a solid foundation for promoting global economic and financial stability. Additionally, by integrating the Financial Stability Board within the IMF and explicitly acknowledging the Fund's role in climate change mitigation, the reforms would expand the Fund's capacity to address emerging global challenges comprehensively. Furthermore, the restructuring of the Executive Board and the establishment of the standing IMFC would ensure high-quality policy advice and strengthen the decision-making processes, facilitating better coordination and alignment of macroeconomic and financial regulatory policies globally. Overall, these reforms would equip the Fund with the necessary tools and authority to conduct more effective surveillance, fostering greater cooperation, and responsiveness in addressing evolving economic realities and global risks.

³ An example is the EU Commissioners, typically chosen from individuals who have held high-ranking positions in their national governments, such as serving as Prime Ministers, Ministers, or Members of Parliament. Others may have extensive experience in diplomacy, having served as ambassadors or diplomats representing their countries abroad. Additionally, some Commissioners have held prominent positions in academia, international organizations, think tanks, or non-governmental organizations.

REFERENCES

- Abrams, A., 2020, "Selected Collaboration Initiatives Between the IMF and Multilateral Partners," IEO Background Paper No. BP/20-01/03 (Washington: International Monetary Fund).
- Bossone, B., 2008a, "The Design of the IMF's Medium-Term Strategy: A Case Study on IMF Governance, IEO Background Paper No. BP/08/09 (Washington: International Monetary Fund).
- _____, 2008b, "IMF Surveillance: A Case Study on IMF Governance, IEO Background Paper No. BP/08/10 (Washington: International Monetary Fund).
- _____, 2008c, "Integrating Macroeconomic and Financial Sector Analysis within IMF Surveillance: A Case Study on IMF Governance," IEO Background Paper No. BP/08/11 (Washington: International Monetary Fund).
- _____, 2009, "Debating global financial governance on Vox: Where do we stand?," VoxEu, February 18.
- Bossone, B, and R. Marra, 2013, "The "Good Global Citizen" remit of the IMF: reforming international economic and financial cooperation," *World Economics*, 14(1), March.
- Corsetti, G., B. Eichengreen, X. Vives, and J. Zettelmeyer, 2023, "The International Economic and Financial Order After the Pandemic and War," *The Future of Banking 5*, CEPR Press.
- European Central Bank, 2022, "The role of the IMF in addressing climate change risks," Occasional Paper Series No 309, IRC Task Force on IMF and global financial governance issues, European Central Bank, November.
- Eichengreen, B., 2010, "The G20 and the IMF: An Uneasy Relationship," *Global Asia*, Vol.5, No.3, September.
- Gallagher, Kevin P., Cyrus Rustomjee, and Andrea Arevalo, 2024, "Evolution of the IMF Climate Strategy," IEO Background Paper No. BP/24-01/06 (Washington: International Monetary Fund).
- Independent Evaluation Office of the International Monetary Fund (IEO), 2006, *Multilateral Surveillance* (Washington: International Monetary Fund).
- _____, 2007, *Structural Conditionality in IMF-Supported Programs* (Washington: International Monetary Fund).
- _____, 2010, *IMF Interactions with Member Countries* (Washington: International Monetary Fund).

- _____, 2011, *IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004-07* (Washington: International Monetary Fund).
- _____, 2015, *IMF Response to the Financial and Economic Crisis* (Washington: International Monetary Fund).
- _____, 2017, *Multilateral Surveillance Revisiting the 2006 IEO Evaluation* (Washington: International Monetary Fund).
- _____, 2019, *IMF Financial Surveillance* (Washington: International Monetary Fund).
- _____, 2023, "The Evolving Application of the IMF's Mandate," Draft Issues Paper, June.
- International Monetary Fund, 2008a, "2008 Triennial Surveillance Review—Overview Paper" September (Washington).
- _____, 2008b, "2008 Triennial Surveillance Review—Thematic Findings," September (Washington).
- _____, 2009, "The G20 Mutual Assessment Process and the Role of the Fund," December (Washington).
- _____, 2010a, "The Fund's Mandate—An Overview," January (Washington).
- _____, 2010b, "The Fund's Mandate—The Legal Framework," February (Washington).
- _____, 2010c, "Modernizing the Legal Framework for Surveillance—Building Blocks Toward an Integrated Surveillance Decision," March (Washington).
- _____, 2010d, "Review of the Fund's Mandate—Follow-Up on Modernizing Surveillance," July (Washington).
- _____, 2011a, "2011 Triennial Surveillance Review—Review of the 2007 Surveillance Decision and the Broader Legal Framework for Surveillance," August (Washington).
- _____, 2011b, "2011 Triennial Surveillance Review—Overview Paper," August (Washington).
- _____, 2011c, "FY2012–FY2014 Medium-Term Budget," March 30 (Washington).
- _____, 2012a, "Modernizing the Legal Framework for Surveillance—Building Blocks Toward an Integrated Surveillance Decision," March (Washington).
- _____, 2012b, "Modernizing the Legal Framework for Surveillance—An Integrated Surveillance Decision," June (Washington).

- _____, 2012c, "One year After the 2011 Triennial Surveillance Review—Progress Report," November (Washington).
- _____, 2012d, "Guidance Note for Surveillance Under Article IV Consultations," October (Washington).
- _____, 2012e, "The IMF's Financial Surveillance Strategy," August (Washington).
- _____, 2012f, "The Liberalization and Management of Capital Flows: An Institutional View," November (Washington).
- _____, 2013a, "2014 Triennial Review of Surveillance Review: Concept Note," October (Washington).
- _____, 2013b, "IMF Membership in the Financial Stability Board," SM/13/44, February (Washington).
- _____, 2014a, "2014 Triennial Surveillance Review—Overview Paper," July (Washington).
- _____, 2014b, "2014 Triennial Surveillance Review—Stakeholders Perspectives on IMF Surveillance," July (Washington).
- _____, 2014c, "2014 Triennial Surveillance Review—Report of the External Advisory Group," July (Washington).
- _____, 2014d, "2014 Triennial Surveillance Review—Staff Background Studies," July (Washington).
- _____, 2014e, "2014 Triennial Surveillance Review—Review of IMF Surveillance Products," July (Washington).
- _____, 2014f, "2014 Triennial Surveillance Review—External Commentary— Communications," July (Washington).
- _____, 2014g, "2014 Triennial Surveillance Review—External Commentary—Surveillance in a World of Volatile Capital Flows," July (Washington).
- _____, 2014h, "2014 Triennial Surveillance Review—External Commentary—Crises, Shadows, and Surveillance," July (Washington).
- _____, 2014i, "2014 Triennial Surveillance Review—External Study—Evenhandedness and Fund Surveillance," July (Washington).
- _____, 2014j, "2014 Triennial Surveillance Review—External Study—Risks and Spillovers," July (Washington).

- _____, 2014k, "2014 Triennial Surveillance Review—External Study—Integrating Bilateral and Multilateral Surveillance on a Continuing Basis," July (Washington).
- _____, 2014l, "2014 Triennial Surveillance Review—External Study—Multilateral Surveillance—Ensuring A Focus on Key Risks to Global Stability," July (Washington).
- _____, 2014m, "2014 Triennial Surveillance Review—Managing Director's Action Plan for Strengthening Surveillance," December (Washington).
- _____, 2014n, "Updated Guidance Note on the Fund's Transparency Policy," April (Washington).
- _____, 2014o, "Review of the Financial Sector Assessment Program: Further Adaptation to the Post Crisis Era," September (Washington).
- _____, 2014p, "Staff Guidance Note on Macroprudential Policy," November (Washington).
- _____, 2015, "Guidance Note for Surveillance Under Article IV Consultations," March (Washington).
- _____, 2016, "Evenhandedness of Fund Surveillance - Principles and Mechanism for Addressing Concerns," January (Washington).
- _____, 2017, "Approaches to Macro-financial Surveillance in Article IV Reports," IMF Policy Paper, March (Washington).
- _____, 2018a, "2018 Interim Surveillance Review," IMF Policy Paper, April (Washington).
- _____, 2018b, "2018 Interim Surveillance Review—Background Paper," April (Washington).
- _____, 2020, "Toward an Integrated Policy Framework," IMF Policy Paper, October (Washington).
- _____, 2021a, "2021 Comprehensive Surveillance Review—Overview Paper," IMF Policy Paper, May (Washington).
- _____, 2021b, "Comprehensive Surveillance Review—Modalities for Modernizing Surveillance," IMF Policy Paper, May (Washington).
- _____, 2021c, "2021 Comprehensive Surveillance Review—Background Paper on Systemic Risk and Macroprudential Policy Advice in Article IV Consultations," IMF Policy Paper, May (Washington).
- _____, 2021d, "Comprehensive Surveillance Review—Background Paper on Scenario Planning," IMF Policy Paper, May (Washington).

- _____, 2021e, "Comprehensive Surveillance Review—Background Paper on the Surveillance Priority Confronting Risks and Uncertainties," IMF Policy Paper, May (Washington).
- _____, 2021f, "2021 Comprehensive Surveillance Review—Background Paper on The Surveillance Priority Preempting and Mitigating Spillovers," IMF Policy Paper, May (Washington).
- _____, 2021g, "2021 Comprehensive Surveillance Review—Background Paper on The Surveillance Priority Ensuring Economic Sustainability," IMF Policy Paper, May (Washington).
- _____, 2021h, "2021 Comprehensive Surveillance Review—Background Paper on Integrating Climate Change into Article IV Consultations," IMF Policy Paper, May (Washington).
- _____, 2021i, "2021 Comprehensive Surveillance Review—Background Paper on Traction, IMF Policy Paper, May (Washington).
- _____, 2021j, "Comprehensive Surveillance Review—Background Paper on Main Findings from the Stakeholder Surveys," IMF Policy Paper, May (Washington).
- _____, 2021k, "Supplement to the Guidance Note for Surveillance Under Article IV Consultations," February (Washington).
- _____, 2021l, "2021 Financial Sector Assessment Program Review—Towards A More Stable and Sustainable Financial System," IMF Policy Paper, May (Washington).
- _____, 2022a, "Review of the Institutional View of the Liberalization and Management of Capital Flows," IMF Policy Paper, March (Washington).
- _____, 2022b, "Guidance Note for Surveillance Under Article IV Consultations," June (Washington).
- James, H., 2009, "The Creation and Destruction of Value: The Globalization Cycle," Harvard University Press.
- Jannils, Lukasz, and Joshua Wojnilower, 2024, "Enhancing Clarity of Key Elements in the Evolving Application of the IMF's Mandate," IEO Background Paper No. BP/24-01/03, (Washington).
- Johnson, S., 2009, "The G20, the IMF, and Legitimacy, The Peterson Institute for International Economics (PIIE), 29 September 29.
- Knight, M. D., 2014, "Reforming the Global Architecture of Financial Regulation: The G20, the IMF and the FSB," CIGI Papers No. 42, September.

Kruger, M., R. Lavigne, and J. McKay, 2016, "The Role of the International Monetary Fund in the Post-Crisis World," Bank of Canada Staff Discussion Paper 2016-6, February.

Legg, C., 2013, "International Cooperation in a Time of Transition The IMF, G20, and the Global Financial Crisis," Woodrow Wilson International Center for Scholars.

Palais Royal Initiative, 2011, "Reform of the International Monetary System: A Cooperative Approach for the Twenty-First Century," February.

Poole, E., 2015, "The IMF's 'Surveillance': How Has It Changed since the Global Financial Crisis?," Bulletin, Reserve Bank of Australia, March.

Wang, A., 2022, "G20 performance on macroeconomic policy," The Global Governance Project, London.

Zhou, J., 2017, "IMF Collaboration with Partner Institutions on Social Protection," IEO Background Document No. BD/17-01/07, July.