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IMPLEMENTATION PLAN IN RESPONSE TO THE BOARD-ENDORSED RECOMMENDATIONS FOR THE IEO EVALUATION REPORT—"THE IMF AND FRAGILE STATES"

EXECUTIVE SUMMARY

This management implementation plan (MIP) proposes actions to advance the Board-endorsed recommendations of the IEO evaluation "*The IMF and Fragile States*." The actions outlined below would have resource implications. While some can be covered by reallocating resources or are already in the Work Program, others may require temporary funding; a review of staffing allocations to countries in fragile and conflict situations (FCS) might call for new permanent resources.

The actions are broad in scope and self-reinforcing in effect if adopted as a package. They include:

- **Message of high-level commitment:** Reflecting the actions of this MIP, a Management statement underscoring a strengthened institutional commitment to support FCS accompanies the MIP for Executive Board and IMFC endorsement.
- **An effective institutional mechanism:** A high-level *interdepartmental FCS Committee* that reports to and seeks guidance in a formal meeting with management twice a year, will be established. The Committee will be tasked to analyze internal and external coordination issues in FCS and propose new ways to strengthen engagement. An interdepartmental Technical Taskforce will support the Committee and report on progress in implementing this MIP, including through a Board paper on *Review of FCS Engagement* at end-2020.
- **Country engagement strategies:** FCS teams will develop *country engagement strategies* that, drawing on relevant external expertise, will explicitly allow for the social and political context and the factors underpinning fragility; and lay the basis for full integration of capacity development (CD) with surveillance and lending.
- **Providing more sustained financial support:** Staff is reviewing the lending toolkit for low-income countries to provide more tailored and flexible support, including for FCS, while ensuring uniformity of treatment. Staff will report on efforts to support FCS with protracted arrears to the Fund in the upcoming *reviews of overdue financial obligations*.

- **Practical steps to increase the impact of its CD support:** Measures already in train will be complemented by the forthcoming *Capacity Development (CD) Strategy Review*'s assessment of initiatives to better integrate CD and Surveillance, including in FCS. Staff will also review the experience with provision of statistical and financial CD in FCS. And consideration will be given to establishing a FCS multi-donor trust fund or another suitable financing vehicle to address unmet needs for long-term experts.
- **Human Resources (HR) issues:** The forthcoming phase of the HR Strategy will look into strategic workforce and career planning, including recruitment, and will consider actions to ensure that the Fund has appropriate staff expertise and experience to work effectively in fragile states. This will include the introduction of a “career” playbook that provides incentives for staff to be more responsive to the needs of the Fund in FCS. Adequacy of staffing allocations to FCS missions will be reviewed to ensure evenhanded treatment of the membership. Staff training on FCS will also be stepped up.

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INTRODUCTION

1. **This paper presents a management implementation plan (MIP) to take forward Board-endorsed recommendations of the IEO evaluation of the Fund’s engagement with fragile states.** It proposes follow-up measures, timelines, and responsibility for implementation in response to these recommendations, whose effectiveness and scope will be reviewed and adjusted as warranted.
2. **The Executive Board welcomed the IEO report’s main findings and recommendations.** Directors agreed that helping countries in fragile and conflict situations (FCS) is a global priority, meriting close engagement by the Fund in its bilateral surveillance, program design and lending, and capacity development (CD). Directors welcomed the report’s findings that the Fund has made important contributions to these countries including by helping them to restore macroeconomic stability, build core macroeconomic policy institutions, and catalyze donor support. They agreed that more could be achieved through further efforts, taking into account the unique circumstances and challenges facing these countries.

IEO RECOMMENDATIONS, BOARD REACTIONS, AND IMPLEMENTATION PLAN

3. **The IEO report made six recommendations to engage with FCS on a bolder and more sustained basis (see text table).** This section summarizes Directors’ reactions to the recommendations, and proposes “SMART” (specific, monitorable, achievable, realistic and timebound) actions to address the recommendations.

The IEO Recommendations

#1: **Message of high-level commitment.** Management and the Executive Board should reinforce that work on fragile states is a top priority for the IMF by issuing a statement of its importance, for IMFC endorsement, to guide the Fund’s fragile state work going forward.

#2: **Creation of an institutional mechanism.** Management should give the IMF’s work on fragile states greater continuity and prominence by establishing an effective institutional mechanism with the mandate and authority to coordinate and champion such work.

#3 **Comprehensive country strategies.** For work on individual fragile states, the IMF should build on ongoing area department initiatives to develop forward-looking holistic country strategies that integrate the roles of policy advice, financial support, and capacity building as part of the Article IV process. These strategies would provide a platform for more actively involving concerned Executive Directors and a more robust framework for collaborating with development partners.

#4 **Financial support.** The IMF should adapt its lending toolkit in ways that could deliver more sustained financial support to fragile states, including for those challenged to meet the requirements for upper-credit-tranche conditionality, and should proactively engage with stakeholders to mobilize broad creditor support for FCS with outstanding external arrears to official creditors, including the IMF.

The IEO Recommendations (concluded)

#5: **Capacity development.** The IMF should take practical steps to increase the impact of its capacity development support to fragile states, including increasing the use of on-the-ground experts, employing realistic impact assessment tools, and making efforts to ensure that adequate financial resources are available for capacity development work in these countries.

#6: **HR issues.** The IMF should take practical steps to incentivize high-quality and experienced staff to work on individual fragile states, ensure that adequate resources are allocated to support their work, and find pragmatic ways of increasing field presence in high-risk locations while taking necessary security arrangements even at high cost.

4. **The first recommendation on a message of high-level commitment to prioritize work on FCS received broad support, and a Management statement will be issued for consideration by the International Monetary and Financial Committee (IMFC).**

- *Board reactions:* Directors called for the Managing Director and the Executive Board to issue a statement on the importance of the Fund’s work on FCS that could be endorsed by the IMFC. Directors noted that such a statement would need to be accompanied by concrete steps, with greater value placed on such work within the Fund.
- *Implementation plan:* A Management statement underscoring a strengthened institutional commitment to support FCS needs accompanies this MIP, reflecting the package of actions discussed below (Annex II). It evidences this commitment with specific proposals to: create an interdepartmental fragile states committee reporting to Management supported by a time-limited fragile states Technical Taskforce; roll out integrated country-level strategies; consider proposals to enhance lending facilities tailored to FCS needs; adopt a range of actions to make capacity development more impactful; and strengthen career incentives and staffing for FCS work. The statement, if approved by the Evaluation Committee, will be submitted to the Executive Board for lapse of time approval and then for consideration by the IMFC.

5. **The Board broadly agreed with the second recommendation to establish an effective institutional mechanism to better coordinate the work by the Fund and other stakeholders; this is being taken forward.**

- *Board reactions:* Most Directors welcomed the intention to establish an institutional mechanism, though a few held the view that existing procedures could provide greater continuity and prominence of FCS issues. Some Directors cautioned on potential duplication and on resource costs. On modalities, a few Directors suggested the mechanism be chaired by Management, while some others would appreciate regular reporting to the Board on the staff’s work in FCS.
- *Implementation plan:* A high-level interdepartmental FCS Committee will be established by end-October 2018 comprising representatives of area, functional, and special services departments. The Committee will be tasked to review internal and external coordination issues in FCS and propose ways to strengthen engagement. It will be chaired by the Director of the Strategy,

Policy and Review Department and report and seek guidance twice a year in a formal meeting with management. The committee will be supported by an *interdepartmental FCS Technical Taskforce*, which was established in July 2018. The Technical Taskforce will prepare an assessment of the effectiveness of FCS engagement by late-2020, and also analyze progress in implementing the MIP, review and update the 2012 guidance note,¹ and conduct analytical work including on program design in FCS. The 2020 review will consider whether there is an ongoing need for the Committee and Technical Taskforce. The Strategy, Policy, and Review Department will complement these efforts through dedicated review of key FCS country papers. The FCS Committee chair and Technical Taskforce will act as contact points for expanded engagement with external stakeholders including the WB, OECD, and G7+.

6. Directors broadly supported the third recommendation to develop forward-looking, holistic country strategies as part of the Article IV process. These will be developed by country teams in consultation with other departments building on existing work products.

- *Board reactions:* Directors stressed that requirements for such strategies would need to be flexible and adaptive, to avoid becoming a routine administrative requirement, and should not overburden the Article IV process.
- *Implementation plan:* Policy notes and staff reports for FCS will provide a succinct discussion of the country engagement strategy. The strategy, which will draw on relevant external analysis and expertise (e.g. the World Bank and the United Nations), will identify the key elements of fragility, the political and social context, and how surveillance and CD priorities link to such elements of fragility. For countries requiring Fund financial support, the discussion will refer to the complementary role that such support could provide and its expected benefits. To limit resource costs the country engagement strategy will build on existing work, specifically departmental country strategy notes, CD strategies, and Capacity Building Frameworks (CBFs),² and will be prepared at policy note (or pre-policy note) stage of the Article IV process and in new program requests.
- The country engagement strategy will also be discussed with country authorities to ensure an effective partnership, and with relevant development partners to underpin effective coordination. Updates or modifications of the strategy will be handled on an as-needed basis, determined by country circumstances. The Technical Taskforce will provide guidance on the content of the engagement strategies, drawing on existing guidance and lessons learnt from CBF pilots (see recommendation 5), and update relevant guidance notes as needed.

¹ *Staff Guidance Note on the Fund's Engagement with Countries in Fragile Situations (2012)*, available www.imf.org/external/np/pp/eng/2012/042512.pdf

² *IMF Engagement with Countries in Post-Conflict and Fragile Situations—Stocktaking (2015)* proposed a Capacity Building Framework in FCS that would establish goals for institution building based on the evolving needs of FCS. Eight country pilots have been undertaken (Central African Republic, Guinea, Liberia, Mali, Sierra Leone, Sudan, West Bank and Gaza, and Myanmar).

7. As regards the fourth recommendation on providing more sustained financial support to FCS, Directors discussed options to modify the Fund’s lending toolkit in the July 2018 Review of Facilities for Low-Income Countries. Staff will take forward options that Directors considered worthy of further consideration in a successor Board paper.

- *Board reactions:* At the discussion of the IEO report in March 2018, Directors expressed different views regarding how the Fund should deliver financial support to FCS. On July 20, at the discussion of the 2018 Low Income Countries Facilities Review,³ most Directors were open to further consideration of proposals tailored to the needs of FCS.
- *Implementation plan:* Following Board guidance and taking into account the catalytic role of Fund’s financing, staff is preparing formal proposals to modify the lending toolkit for LICs, while ensuring uniformity of treatment.
- Regarding FCS with longstanding arrears to the international community, including the IMF, staff remains ready to support arrears clearance and help arrange bridge financing if needed, provided that external official bilateral creditors support a comprehensive debt settlement. Staff will report on efforts to support FCS with protracted arrears to the Fund in the upcoming reviews of overdue financial obligations for Sudan and Somalia, which will include updates on discussions with donors and creditors. Staff reports would explain the remaining steps required and the indicative timeline to clear arrears to the Fund and restore access to Fund resources in these cases.

8. Directors supported the fifth recommendation to take practical steps to increase the impact of its CD support in FCS. Measures already in train will be complemented by consideration of the case for a FCS multi-donor trust fund (MDTF) to close specific funding gaps and a review of experience with the provision of statistical and financial CD.

- *Board reactions:* Directors supported steps to increase the use of on-the-ground experts, use of realistic impact assessment tools, and efforts to ensure adequate financial resources for CD while noting that weak absorptive capacity and governance could limit CD effectiveness. Most Directors saw merit in a MDTF dedicated to FCS, provided a business case could be made and that funding for Regional Technical Assistance Centers is not undermined. They agreed on the importance of coordinating with other CD providers.
- *Implementation plan:* Measures already taken include: continuing to develop and tailor CD to FCS needs; establishing that country teams approve the scope and timing of CD missions in the Resource Allocation Plan (RAP);⁴ strengthening the monitoring of CD activities through the

³ SM/18/64, *2018 Review of Facilities for Low-Income Countries*, pp. 44–46.

⁴ The RAP details commitments by functional departments to deliver CD during a financial year determined in consultation with area departments.

mainstreaming of results-based management; and, project evaluation through the common evaluation framework.⁵

- The forthcoming CD Strategy Review will include an assessment of initiatives to better integrate CD and surveillance, including in FCS. Staff will also assess whether there is a need for and interest in funding a FCS MDTF or another suitable funding vehicle to support additional on-the-ground long-term advisors, including in regional centers, and to boost field delivery of CD. Additionally, staff will undertake a stocktaking of the experience with providing statistical and financial CD to identify potential lessons on making CD more impactful.⁶ The Technical Taskforce will also review the implementation of the CBF pilots, with a view to learning lessons on coordination with other TA providers and identifying good practice examples of high impact and traction for country strategies (see also recommendation).

9. The sixth recommendation to adapt the human resources (HR) strategy to incentivize work on FCS and to provide adequate budgetary resources was supported by Directors. The forthcoming HR strategy will explore the former and the provision of staffing resources to FCS teams will also be reviewed.

- *Board reactions:* Directors called on the upcoming Review of the HR strategy to proactively consider ways of providing stronger recognition of the staff’s work in these countries to reduce turnover and attract more experienced staff, and to consider changes to recruitment practices. Directors noted that an increase in field staff presence in high-risk locations should be weighed against the paramount objective of protecting staff safety.
- *Implementation plan:* The forthcoming phase of the HR Strategy will look into strategic workforce and career planning, including recruitment, and will consider actions to ensure that the Fund has appropriate staff expertise and experience to work effectively in fragile states. This will include the introduction of a “career playbook” that provides incentives for current and new staff to be more responsive to the needs of the Fund with service on a fragile state or a low-income country required for career advancement in the economist stream (by end-November 2018). Setting staff expectations for diverse career experiences in this manner will benefit both staff and the membership.
- To establish a robust framework for providing more effective support to FCS, additional staffing resources needed for critical FCS missions, particularly functional department support for country teams in program and near-program situations, will be assessed by FAD, SPR, the Office of Budget and Planning (OBP), and area departments in consultation with the Technical Taskforce. Additional staffing needs would be discussed in the context of the FY20 budget

⁵ The common evaluation framework is intended to streamline current practices and increase comparability and use of results by adopting for all CD evaluations a common four-step process that includes use of the OECD Development Assistance Committee (DAC) evaluation criteria.

⁶ A stocktaking of fiscal CD was undertaken in 2017. See Policy Paper “*Building Fiscal Capacity in Fragile States*” available at <https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/06/14/pp041817building-fiscal-capacity-in-fragile-state>.

within the broader context of departments' resource needs and ensuring evenhanded treatment of members. Training to staff on macroeconomic policies in fragile states will also be stepped up by ICD in FY20.

- As regards increasing field presence in high-risk locations, the Fund has a clearly delineated policy of assessing the case for field presence by comparing the business case for field-based engagement with the associated security risks; staff will continue to evaluate carefully the business case for field presence in light of changing security risks and look for innovative ways to engage in these situations (e.g., video conferences).

10. Monitoring and Evaluation. Progress on implementation of the MIP will be reported in a Board Briefing by staff at end-2019 and a *Review of FCS Engagement* will be formally discussed by the Board at end-2020.

RESOURCE IMPLICATIONS

11. The new initiatives outlined above would have resource implications (Annex III).

Although some components of the deliverables can be covered by reallocating existing resources, or are already in the Board's Work Program, the operations of the Technical Taskforce may require temporary funding. Adding staff to FCS country teams on an ongoing basis would require additional resources, which will be considered in the context of the annual budget discussions. Specifically:

- Recommendation #1. A **message of high-level commitment** will not require additional resources.
- Recommendation #2. Creation of an effective **institutional mechanism** (FCS Committee and Technical Taskforce) will require modest additional resources. SPR will use additional staff resources for dedicated review of FCS from a reallocation of staff (in addition to staff already working on FCS issues). Other departments will be requested to nominate staff for the Committee and to support the Technical Taskforce. After experience in FY19 and if needed, a request for secondments to the Technical Taskforce might be made in FY20 and FY21 for up to two full-time equivalent staff (FTEs) with financing decided through the budget process.
- Recommendation #3. Preparation of **country engagement strategies** will require modest additional resources as they will build on existing country strategy notes and CBFs. Additional resources will be needed for consultations with country authorities and other CD providers; as these will be spread across many staff working on FCS, they would need to be reallocated within existing resources. Increasing functional department staffing of FCS teams (#6) would lessen the need for reallocation.

- Recommendation #4. The work on providing more **sustained financial support** to FCS is part of the Work Program.⁷
- Recommendation #5. Initiatives to **increase the impact of Fund CD** would mostly be covered within the existing budgetary envelope. The exception is a new FCS MDTF that, if established, would incur overhead management costs (the magnitude of these costs cannot be estimated without further information on the scope of the MDTF). There would be modest resources incurred in stocktaking exercises in MCM and STA that would be covered within existing budgets in FY19–20. Resources for the review of CBFs are discussed under recommendation #2. Resources for additional training on macroeconomics in FCS would be reallocated within the existing training budget.
- Recommendation #6. **HR issues** are covered under the HR strategy review. Higher functional department staffing of FCS country teams would require additional dedicated staff resources; how to finance these would be discussed in the context of the budget process.

⁷ See “2018 Review of Facilities for Low-Income Countries.” Should there be a case to modify/adjust GRA policies alongside changes in the concessional facilities, any associated work would be covered within the existing resource envelope.

Annex I. IEO Evaluation of the IMF and Fragile States: Recommendations, Board Response, and Proposed Follow-Up

IEO Recommendation	Executive Directors' Responses	Follow-Up Plan and Timeline	Accountability
1. <i>Issue a statement on the importance of the Fund's work on countries in fragile and conflict situations that could be endorsed by the IMFC.</i>	Directors agreed on the importance of a statement endorsed by the IMFC. Such a statement would need to be accompanied by concrete steps, with greater value placed on such work within the Fund.	<ul style="list-style-type: none"> • A Management statement is attached to this implementation plan (Annex II). It will be issued to the Board for lapse of time approval after the MIP EVC meeting for consideration by the IMFC in October 2018. 	<ul style="list-style-type: none"> • SPR and SEC.
2. <i>Establish an effective institutional mechanism to better coordinate the work by the Fund and other stakeholders.</i>	Directors broadly agreed with this recommendation. Some cautioned that such a mechanism should not be duplicative or unduly resource intensive, while a few suggested that the mechanism be chaired by Management, and some others would appreciate regular reporting to the Board. A few were unconvinced new institutional mechanism most effective way to address issues.	<ul style="list-style-type: none"> • Establishment of a high-level committee that will report twice a year in a formal meeting with management to seek management guidance to the action plan (October 2018). • Staff to provide an informal briefing on implementing this MIP at end-2019. • Board paper on <i>Review of FCS Engagement</i> by end-2020. 	<ul style="list-style-type: none"> • SPR lead with representatives of area, functional, and special services departments.
3. <i>Develop forward looking, holistic country strategies that integrate the roles of policy advice, financial support, and capacity building as part of the Article IV surveillance process.</i>	Directors broadly supported this recommendation and stressed that requirements for such strategies would need to be flexible and adaptive, to avoid being a bureaucratic administrative requirement, and should not overburden the Article IV process.	<ul style="list-style-type: none"> • From Q1 2019, area department FCS country teams to prepare as part of staff reports for Art. IV and new program requests a succinct <i>country engagement strategy</i> that discusses country fragility, surveillance and CD priorities, and, if applicable, the complementary role for Fund financial support. 	<ul style="list-style-type: none"> • Prepared by area departments. Monitored by SPR in the review process.

IEO Recommendation	Executive Directors' Responses	Follow-Up Plan and Timeline	Accountability
<p>4. <i>Adapt the Fund's lending toolkit in ways that could deliver more sustained financial support to fragile states and, for countries that have external arrears to the IMF, respond proactively to windows of opportunity for the clearance of arrears and restoration of access to Fund resources.</i></p>	<p>Directors supported further consideration of modifications to the Fund's lending toolkit in the context of the 2018 Review of Facilities for Low Income Countries, including consideration to raising the assess limits for RFI/RCI and introducing shorter upper-credit tranche financial arrangements.</p>	<ul style="list-style-type: none"> • Options presented at the Review of Fund Facilities for LICs, July 20, 2018 and a follow-up paper will consider formal proposals by end-Q1 2019. • Report efforts to mobilize broad creditor support for FCS with external arrears to official creditors, including arrears to the Fund, in the context of the upcoming reviews of overdue financial obligations for Sudan and Somalia (March 2019). 	<ul style="list-style-type: none"> • SPR, LEG, and FIN. • FIN and SPR.
<p>5. <i>Take practical steps to strengthen the impact of Fund's capacity development support to countries in fragile and conflict situations.</i></p>	<p>Directors supported this recommendation, including increasing the use of on the ground experts, employing realistic impact assessment tools, and making efforts to ensure that adequate financial resources are available for CD work in these countries. Directors saw merit in a multi-donor trust fund for FCS, provided a business case could be made while also protecting RTAC funding. Directors agreed on the importance of effective coordination with other TA providers.</p>	<ul style="list-style-type: none"> • CD Strategy Review (November 2018). • Report to management on the case for a dedicated MDTF or a coordinated set of bilateral projects for FCS to target CD gaps (by September 2019). • Staff paper for Board discussion with analysis of experience and lessons from building financial and statistical capacity in FCS (by end-December 2019). 	<ul style="list-style-type: none"> • ICD • ICD in consultation with functional and area departments. • MCM and STA.

IEO Recommendation	Executive Directors' Responses	Follow-Up Plan and Timeline	Accountability
<p>6. <i>The IMF should take practical steps to incentivize high quality and experienced staff to work on individual countries in fragile and conflict situations, ensure that adequate resources are allocated to support their work, and find pragmatic ways of increasing field presence in high-risk locations while taking necessary security arrangements even at high cost.</i></p>	<p>Directors supported this recommendation and called on the upcoming review of the HR strategy to proactively consider ways of providing stronger recognition of the staff's work in these countries to reduce turnover and attract more experienced staff, and to consider changes to recruitment practices. Directors noted that an increase in field staff presence in high-risk locations should be weighed against the paramount objective of protecting staff safety.</p>	<ul style="list-style-type: none"> • HR Strategy Review will look into strategic workforce and career planning, including recruitment, and will consider actions to ensure that the Fund has appropriate staff expertise and experience to work effectively in fragile states, including the introduction of a "career" playbook to incentivize staff to work on FCS (progress assessed at end-2020 in the review of FCS engagement). • By October 2018, report to Management on FCS staffing gaps, notably for staff assigned from functional departments in program and near-program countries. 	<ul style="list-style-type: none"> • HRD • FAD, SPR, and OBP

Annex II. Managing Director’s Statement on the Role of Fund Engagement in Fragile and Conflict-Affected States

In light of the recent Independent Evaluation Office report on *The IMF and Fragile States* and to ensure that we deliver our best to these countries in terms of capacity development (CD), policy advice, and financial support, I seek endorsement by the IMF membership of an ambitious package of interlinked actions to further strengthen the effectiveness of our engagement and to underline the importance of our work in FCS.

The IMF is a global institution with a responsibility to address the risks and fragilities that threaten economic stability in each member, to the best of its ability. In addition, supporting countries in fragile and conflict situations (FCS) is an international priority that affects all Fund members, including through rising migration, forced displacement, trafficking, and terrorism.

The IMF is committed to put in place HR policies, in the context of a new HR strategy, that would ensure staff expertise and experience are appropriate to effectively meet FCS needs including by introducing stronger career incentives to work on FCS and low-income countries. These actions, along with staff training and consideration in the budget of additional resources to provide appropriate staffing in FCS missions, will lay the foundation for more effective support to these members.

As institutional weakness is a defining characteristic of fragility, CD must be front and center in our engagement. Each FCS country team will articulate a succinct engagement strategy that identifies the nature of fragility, surveillance and, where applicable, program priorities, where and how CD can be best delivered in the short and medium term to address identified institutional weaknesses in areas of Fund competence, complemented by, as warranted, Fund financial support. The country strategies will be discussed with country authorities and as needed with development partners as part of the Article IV consultation process and in new program requests. It will underpin alignment of the Fund engagement strategy with the authorities’ needs while also improving CD coordination.

We will continue to look for ways to make our CD in FCS more impactful, by reaping benefits from our investment in results-based management, learning lessons from our FCS engagement in financial sector and statistical capacity development, taking stock of the existing Capacity Building Framework pilots, stepping up training on macro policies in FCS, and aiming to raise adequate funding for CD provision in FCS, particularly long-term experts in-country or in the region, that are able to help country authorities implement CD recommendations.

We are committed to continue to improve and tailor financing facilities to FCS needs, recognizing the strong catalytic role of Fund’s financing. The ongoing Review of Facilities for LICs explores proposals to raise access, and to both extend the duration of arrangements and provide shorter-term options for countries meeting specified criteria.

To deliver on these plans, a high-level interdepartmental Committee on FCS, reporting to Management, will assess progress made in delivering this Management Implementation Plan (MIP) through end-2020. The Committee will be supported by a Technical Taskforce comprising of staff from departments engaged in FCS work, that will review the MIP implementation, revisit FCS guidance, and conduct policy and analytical work on FCS issues. These efforts will be complemented by stronger Fund staff engagement with agencies, country groupings, and other organizations that tackle FCS issues including OECD, World Bank, United Nations, bilateral agencies, G7+, Think Tanks, and CSOs.

As is often the case, the combined impact of these actions should be significantly greater than the sum of the parts—so this is a package deal where success is measured across many dimensions, by efforts of many staff across the IMF. We will report to the Board on progress in 2019 and 2020.

In closing, let me thank the IEO for bringing these long-standing issues to the fore, and the Board for acknowledging that the Fund needs to be more agile and integrated in its support of members in fragile and conflict situations.

Annex III. Resource Implications of the Management Implementation Plan

IEO Recommendations	One-off resources		Recurring Resources
	Description	Cost	Cost
1. Message of high-level commitment	Management statement	Budgeted in FY18 work program	n/a
2. Creation of an institutional mechanism	FCS Committee and Technical Taskforce staff	Reallocated. If resources for Technical Taskforce are not sufficient, a request for up to 2.0 FTE in FY20 and FY21 to be considered.	Minor covered by reallocation
3. Comprehensive country strategies	Country strategies	Guidance for country strategies budgeted under Recommendation #2. Total of 1.0-2.0 FTE for strategy preparation reallocated within FCS country teams.	Reallocated
4. More sustained financial support	LIC Facilities Review 2018	Budgeted in FY19 work program	n/a
5. Initiatives to strengthen CD	Explore FCS CD Trust Fund	Reallocated	Covered by Trust Fund contributors, except for backstopping costs
	MCM and STA CD stock takes	Reallocated	n/a
	Review of CBFs	Budgeted under Recommendation #2	n/a
6. HR issues	HR Strategy	Budgeted in FY19 work program	n/a
	Staffing gaps by functional departments in FCS program and near-program country teams	n/a	Preliminary estimate of 2.66-4.00 FTEs (program only). Net cost to be determined in the budgetary process.
	Training on macroeconomics in FCS	Reallocated	n/a
Total		Up to 1.0-2.0 FTE	To be determined.



INTERNATIONAL MONETARY FUND



Annex IV. Draft Press Release

Press Release No. 18/
FOR IMMEDIATE RELEASE
October xx, 2018

International Monetary Fund
Washington, D.C. 20431 USA

IMF Executive Board Approves Implementation Plan to Strengthen its Engagement with Fragile and Conflict-Affected Countries

On October [...], 2018, the Executive Board of the International Monetary Fund (IMF) adopted an [implementation plan](#) to strengthen the Fund’s engagement in fragile and conflict-affected countries. The plan is based on recommendations outlined in a staff paper entitled “Implementation plan in response to the Board-endorsed recommendations for the IEO Evaluation Report—[The IMF and Fragile States.](#)”

In a statement, IMF Managing Director Christine Lagarde remarked: “In light of the recent Independent Evaluation Office report on *The IMF and Fragile States*, and to ensure that we deliver our best to these countries in terms of capacity development, policy advice, and financial support, I seek endorsement by the IMF membership of an ambitious package of interlinked actions to further strengthen the effectiveness of our engagement and to underline the importance of our work in fragile states and conflict situations.” Ms. Lagarde also noted that: “The IMF is a global institution with a responsibility, in its areas of expertise, to help each of its member countries to address the risks and fragilities that threaten economic stability. In addition, supporting countries in fragile and conflict situations is also an international priority, given how the impact of domestic conflict spreads quickly across borders, including through rising migration, forced displacement, human trafficking, and terrorism.”

The package of actions includes timelines and identifies parties responsible for implementation. It focuses on developing country engagement strategies for IMF member countries in fragile and conflict situations, consideration of more sustained financial support to these countries, practical steps to increase the impact of IMF capacity development in fragile and conflict situations, and consideration of human resources policies to ensure that the IMF has appropriate staff expertise and experience to work effectively in fragile and conflict situations.

Additional link:

[IMF Engagement with Countries in Post-Conflict and Fragile Situations, 2015](#)