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IMPLEMENTATION PLAN IN RESPONSE TO THE EXECUTIVE BOARD-ENDORSED RECOMMENDATIONS FROM THE IEO EVALUATION OF THE IMF'S FINANCIAL SURVEILLANCE

EXECUTIVE SUMMARY

This management implementation plan (MIP) proposes actions in response to the Independent Evaluation Office (IEO)'s report on *The IMF's Financial Surveillance*. The IEO evaluation provided an important opportunity to reflect on the IMF's initiatives to expand and deepen its financial surveillance work in response to the Global Financial Crisis. Executive Directors and Management welcomed the IEO's recognition that these initiatives delivered a substantial upgrade to the Fund's work on financial surveillance and broadly endorsed its recommendations. Staff has already begun responding to the Board-endorsed IEO recommendations and proposes a package of additional mutually-reinforcing actions. Several of the proposed actions have already been incorporated into departmental budgets for fiscal year (FY) 2020. As a result, this MIP has minimal near-term resource implications. However, medium-term resource implications will depend on the follow-up to the Financial Sector Assessment Program (FSAP) and Comprehensive Surveillance Reviews (CSR) and discussions are expected to be initiated in the context of the FY2021–23 Medium-term Budget. The actions in this MIP aim at:

- **Strengthening financial and macrofinancial analysis in Article IV consultations** with proposals to be presented in the CSR in coordination with the FSAP Review.
- **Refocusing FSAP country selection and scope** with proposals to be presented in the FSAP Review.
- **Increasing traction of multilateral surveillance** by introducing a new framework for assessing global financial stability in the Global Financial Stability Report (GFSR); and deepening cooperation with international partners.
- **Enhancing the IMF's macrofinancial analysis toolkit** by creating a new modeling group focused on monetary and macroprudential policy issues; developing new and upgrading existing tools for financial and macrofinancial surveillance; and holding conferences to benefit from insights of researchers from academia, major central banks, and other policy institutions.
- **Building financial skills and expertise at the Fund** through enhancements to the HR Strategy and further training opportunities for staff in the macrofinancial area.

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INTRODUCTION

1. The Executive Board and Management welcomed the findings and recommendations from the IEO evaluation of the Fund’s financial surveillance. During the Executive Board’s discussion of the IEO report, Directors and Management underscored the importance of the Fund’s work on financial surveillance. Reflecting its macroeconomic and financial expertise, global membership and governance, the IMF is well placed to make members aware of global financial stability risks while advising them on policies tailored to their circumstances. Therefore, the IEO evaluation provided an important opportunity to reflect on the IMF’s initiatives to expand and deepen its financial surveillance work in response to the Global Financial Crisis (GFC). Directors and Management welcomed the IEO’s recognition that those initiatives delivered a substantial upgrade to the Fund’s work on financial surveillance. At the same time, Directors and Management shared the view that there is scope to further enhance the quality and impact of the Fund’s work on financial surveillance and broadly supported the IEO recommendations.

2. This paper presents a management implementation plan (MIP) to take forward Board-endorsed recommendations from the IEO, including specific actions, timelines, and responsibility for implementation. As stated in the Global Policy Agenda for the 2019 Annual Meetings, the Fund is pursuing a broad agenda to enhance its advice on macrofinancial policies. Staff has already begun responding to the IEO recommendations and proposes additional actions, which altogether mutually reinforce one another. They thus form a package that will further strengthen the Fund’s work on financial surveillance. Also, important to note is that the CSR and the FSAP Review will present further proposals to address some key IEO recommendations. Several of the actions proposed in this MIP have already been incorporated into departmental work plans and budgets for FY2020. Therefore, this MIP has limited resource implications in the near term. However, medium-term resource implications will depend on the follow-up to the FSAP Review and CSR and discussions are expected to be initiated in the context of the FY2021–23 Medium-term Budget.

IEO RECOMMENDATIONS, BOARD REACTIONS, AND IMPLEMENTATION PLAN

The IEO Recommendations

1—Strengthening financial and macrofinancial analysis in Article IV surveillance: To improve the relevance and traction of bilateral financial surveillance, the IMF needs to deepen financial and macrofinancial analysis, particularly in Article IV consultations, including by taking practical steps to better integrate FSAP analysis in Article IV consultations and by increasing financial skills and expertise among staff.

2—Refocusing FSAP country selection and scope: The IMF should revisit the current approach to allocating FSAP resources to achieve a more flexible, dynamic, and risk-based allocation across countries and issues.

3—Increasing traction of multilateral surveillance: The IMF should continue to work to enhance the impact of IMF multilateral surveillance by increasing rigor and transparency, and by deepening collaboration with international partners.

4—Enhancing the IMF’s analytical tools: To enhance the value added of its financial surveillance, the IMF should strengthen efforts to be a global center of excellence on financial and macrofinancial research.

5—Building financial skills and expertise: The IMF should intensify efforts to attract, develop, and retain a deeper pool of financial talent, as well as to ensure that area department fungible macroeconomists have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations.

6—Increasing budgetary resources: To fully meet its responsibilities and objectives, the IMF should consider devoting significant additional resources to financial surveillance.

3. The IEO report made six recommendations to engage with financial surveillance on a bolder and more sustained basis (see text table). This section summarizes Directors’ reactions to the recommendations, reports on actions taken or initiatives in train since the completion of the IEO report; and proposes “SMART” (specific, monitorable, achievable, realistic and timebound) actions to further address the recommendations.

Recommendation 1. Strengthening Financial and Macrofinancial Analysis in Article IV Surveillance

4. The Executive Board endorsed recommendation 1 with proposals to be presented in the Comprehensive Surveillance Review.

- *Board reactions:* Directors supported Recommendation 1, including to further integrate analysis from the FSAP in Article IV consultations and increasing the financial skills and expertise of country teams. They noted that further progress in this area will require finding a right balance in the allocation of financial surveillance resources between the FSAP and Article IV surveillance. A number of Directors supported the suggestion to strengthen the follow-up of FSAP-identified vulnerabilities and risks in Article IV consultations. Directors noted that the upcoming CSR and FSAP Review will provide an opportunity to consider this recommendation and related specific suggestions.

Implementation Plan

- Moving forward with recommendation 1 requires a holistic perspective. Therefore, this recommendation will be taken up primarily in the context of the CSR. The CSR, in conjunction with the FSAP Review (see also recommendation 2), both of which to be discussed at the Board in Spring 2020, will recommend further strengthening financial and macrofinancial analysis in Article IV surveillance and present proposals on how to achieve this (see proposed action in Annex I), including on how to deepen integration of FSAP analysis; facilitate follow-up of FSAP findings; strengthen systemic financial risk assessments in Article IV consultations; a proposal to increase Monetary and Capital Markets Department (MCM) resources that would support Area Departments; assessing data gaps for an evolving macrofinancial surveillance landscape; and seeking to ensure that staff skills are aligned with financial surveillance priorities, in coordination with the HR Strategy (see recommendation 5). Resource implications will be considered in the context of the medium-term budget discussions (see recommendation 6).

- Staff will publish within one year from the completion of the CSR, an updated guidance note on surveillance under Article IV consultations laying out practical steps to implement the Board-approved CSR recommendations, including on financial surveillance (see proposed action in Annex I).
- In addition, staff has recently revamped the Knowledge Exchange country pages, a one-stop shop for country level engagement, by including information on FSAP missions, Financial System Stability Assessment (FSSA) reports, and non-confidential technical notes to further facilitate the follow-up of FSAP recommendations and findings in Article IV surveillance. Staff will continue this practice on an ongoing basis.

Recommendation 2. Refocusing FSAP Country Selection and Scope

5. The Executive Board broadly endorsed recommendation 2, with specific proposals to be presented in the FSAP Review.

- *Board reactions:* Most Directors agreed with the proposal to review the number of mandatory financial sector assessments, but some were skeptical about reducing the number of jurisdictions subject to mandatory assessments (S29) or the frequency of their assessments, including because of the rapid nature of change in financial sectors and markets. Many Directors were open to reducing the number of jurisdictions subject to mandatory assessments every five years. A number of these Directors supported or were open to limiting mandatory assessments every five years to the five jurisdictions with the most systemically important financial sectors (S5). A number of other Directors, however, were opposed to limiting mandatory assessments to the S5. Directors stressed that the revised approach to allocating FSAP resources should strike a balance among several factors, including evenhandedness and transparency in the selection process, the systemic nature of national financial systems, the voluntary nature of financial sector assessments for most of the membership, and market signaling risks from selecting countries based on vulnerabilities. Directors also agreed that the scope and focus across FSAPs could be reviewed to better tailor assessments to country circumstances including risks and regulatory gaps while also avoiding over-reliance on off-the-shelf international best practice. This would help increase value added and make better use of staff and authorities' time and resources. Many Directors agreed or were open to the suggestion that in jurisdictions that conduct sophisticated stress tests, FSAPs should focus on designing risk scenarios and reviewing authorities' models, while others felt that the Fund should not cut back on stress testing in advanced economies to ensure a consistent quality of such tests. Directors looked forward to discussing the above issues in the context of the FSAP Review.

Implementation Plan

- Following the Board's guidance, the FSAP Review, to be discussed by the Board in Spring 2020, will present proposals on country participation, including a more risk-based approach to country coverage and frequency of assessments while ensuring evenhandedness and transparency in the selection process. The FSAP Review will also include proposals for better balancing the

standardization and customization of financial stability assessments (see proposed action in Annex I). Resource implications from the follow-up to the FSAP Review will be considered in the context of the medium-term budget discussions (see recommendation 6).

Recommendation 3. Increasing Traction of Multilateral Surveillance

6. Directors broadly supported recommendation 3, and significant work has already taken place to address it.

- *Board reactions:* Directors supported making more Global Financial Stability Review (GFSR) data and analysis available online, subject to copyright constraints, and adapting the GFSR presentation to make it an easier read for country officials, who are its main audience. Directors also supported continuing to deepen cooperation with international partners, such as on the Early Warning Exercise (EWE) with the Financial Stability Board (FSB), without compromising the Fund’s capacity to raise out-of-the-box issues. Some Directors supported wider dissemination of the EWE to senior officials, while others cautioned that wider dissemination could weaken its effectiveness. Directors stressed the need for the Fund to continue its work with international regulatory agencies to assess the impact of reforms, drawing on its areas of comparative advantage and subject to resource availability.

Implementation Plan

- As recognized by the IEO evaluation, the introduction of the Growth-at-Risk (GaR) framework in the GFSR adds rigor and provides a clearer picture of how financial stability risks have evolved. To continue increasing rigor of the GFSR, staff has introduced a new risk assessment framework systematically linking financial conditions, financial vulnerabilities, and GaR analysis that was premiered in the April 2019 GFSR with further details presented to the Board in May 2019. MCM will also foster early cooperation with area departments on specific analytical pieces in the GFSR, to ensure an accurate reflection of country circumstances and institutions. Steps to further increase the rigor of the GFSR are also helping to strengthen the analytical toolkit for bilateral surveillance, including through broader applications of the GaR framework (see recommendation 4).
- To enhance transparency of the GFSR, in April 2018, staff started publishing online annexes with additional details on data and methodologies, subject to copyright and confidentiality constraints. To further consolidate this practice, staff proposes publishing online annexes again in the Fall 2019 GFSR (see proposed action in Annex I). Furthermore, staff will make text and figures more accessible to the target audience.
- Staff continues to deepen collaboration with international partners on various fronts:
 - Staff has continued assessing the impact of regulatory reforms, including by collaborating closely with the Standard Setting Bodies (SSBs), subject to resource constraints. For instance,

in 2018, staff collaborated with the FSB on evaluating the impact of reforms on infrastructure finance.

- In February 2019, staff joined a new working group to advise the FSB on a report on the effects of Too-Big-To-Fail (TBTF) reforms, to be published in late 2020.
- More recently, staff joined the workstream of the Basel Consultative Group of the Basel Committee on Banking Supervision (BCBS) on developing an approach to tailoring the implementation of international regulatory standards to country circumstances. As part of this workstream, staff held in May 2019 a conference on this topic, jointly with the Financial Stability Institute of the Bank for International Settlements (BIS). Drawing from this experience, staff will prepare a Board paper on “Adapting National Prudential Approaches to the International Reform Agenda: Lessons from Experience,” scheduled to be discussed by the Executive Board in April 2020 (see proposed action in Annex I). The paper is expected to support better tailoring staff’s advice on financial regulation to country circumstances through FSAPs (see recommendation 2) and technical assistance.
- On the EWE, staff will continue to exchange views with the FSB at the topic selection stage, particularly on financial and macrofinancial risks, while preserving the Fund’s independent perspective and its capacity to raise out-of-the-box issues. Management will continue to find ways to disseminate the broad themes of EWE presentations to Fund staff and external audiences, as was done for example on the EWE on Trust and the Future of Multilateralism in the Spring of 2018.

Recommendation 4. Enhancing the IMF Analytical Tools

7. Directors supported recommendation 4 and staff has already taken several steps in this direction.

- *Board reactions:* Directors supported the recommendation to continue enhancing the Fund’s analytical tools to improve the understanding of macrofinancial linkages. They considered that exchange of views between the Fund and major central banks, as well as developing simplified tools and increasing internal outreach, is helpful for this purpose. While a few Directors encouraged staff to explore the feasibility of conducting global stress tests in partnership with the Bank for International Settlements (BIS) and the FSB, others expressed doubts in view of data constraints.

Implementation Plan

- Improving the understanding of macrofinancial linkages remains a high priority for the Fund’s multilateral and bilateral surveillance, including by advancing the Fund’s intellectual leadership on financial and macrofinancial research. Staff has held and plans to hold research conferences at headquarters, bringing together researchers from academia, the largest and most advanced central banks, and other policy institutions to exchange views about the latest thinking on tools

and frameworks for assessing financial stability risks and macrofinancial linkages. Holding research conferences allows showcasing Fund’s work on financial and macrofinancial issues while gaining from insights from other researchers and institutions; helps deepen staff’s skills and expertise in those areas; supports strengthening the rigor of multilateral surveillance (see recommendation 3); and facilitates further enhancing the Fund’s analytical toolkit. HR initiatives and internal training and outreach (see recommendation 5) allow sharing acquired financial knowledge and skills more widely among Fund staff:

- In April 2018 and 2019, staff held conferences to discuss important issues and challenges related to macrofinancial linkages. Going forward, staff plans to organize a third conference on macrofinancial linkages in April 2020 (see proposed action in Annex I).
- In October 2019, staff will hold a conference on “Rethinking Financial Stability: The FSAP at 20,” covering the FSAP’s three pillars: risk analysis, policy frameworks, and safety nets (see proposed action in Annex I).
- Deeper knowledge and expanded financial skills facilitate the Fund’s constant endeavor to enhance its analytical toolkit to further strengthen financial and macrofinancial analysis in Article IV surveillance (see recommendation 1):
 - Staff has continued broadening the application of the GaR framework, including by launching in October 2018 a GaR tool to support macrofinancial analysis in bilateral surveillance. A working paper presenting details on the application of the tool was published in February 2019.
 - Staff established in May 2019 a new Modeling Unit within MCM to further deepen the Fund’s monetary and macroprudential policy modeling work. The Unit will contribute to the cutting-edge debate on monetary and macroprudential policy, deliver technical expertise on these policy issues to the Fund membership, and provide in-depth advice and guidance to country teams as needed.
 - To enhance the Fund’s surveillance of financial risks emanating from the corporate sector, staff will upgrade the existing corporate vulnerability tool (CVU). The upgraded version of CVU will significantly expand country and firm coverage vis-à-vis the current version and will be rolled out to Fund staff by April 2021 (see proposed action in Annex I).
 - To strengthen cross-country consistency of systemic financial risk assessments in Article IV consultations, staff is developing a tool that tracks a broad range of indicators of systemic financial risks across the membership. The tool could also help facilitate the follow up of FSAP-identified vulnerabilities in Article IV consultations (see recommendation 1). A pilot version was made available to staff in February 2019 with the final version planned to be rolled out by end-2019 (see proposed action in Annex I).

- One important objective of the FSAP Review is to further strengthen the FSAP’s analytical foundations, including in the areas of macrofinancial linkages, non-bank and cross-sectoral interconnectedness, macroprudential policy, emerging risks, and stress testing. Therefore, the FSAP Review will present proposals to achieve this (see proposed action in Annex I).
- Finally, other initiatives at the design stage include creating an inventory of all tools related to financial surveillance to facilitate access by country teams and explore upgrading surveillance tools in the areas of real estate sector vulnerabilities; early detection of harmful credit booms; consistency of macroeconomic frameworks with financial sector developments; and bank networks.

Recommendation 5. Building Financial Skills and Expertise

8. Directors supported recommendation 5 with key enhancements to the HR strategy and broader training opportunities aiming at addressing it.

- *Board reactions:* Directors underscored that it is critical to ensure that country teams have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations. They noted that targeted enhancements from the HR Strategy can help ensure that Fund staff develop the expertise needed for effective macrofinancial surveillance. They also looked forward to discussing issues pertaining to attracting and retaining a deeper pool of financial talent in the context of the Comprehensive Compensation and Benefits Review (CCBR).

Implementation Plan

- The IEO report recognized the Fund’s considerable training and recruitment efforts to upgrade staff’s macrofinancial skills. This has been achieved mostly through greater reliance on the hiring of mid-career economists. For instance, the share of mid-career hires relative to total was 67 percent in 2018, of which, nearly 40 percent were hired by MCM while about a quarter of all new hires had macro-financial expertise. The normal rotation of macroeconomists into and out of MCM further add to these efforts. As a result, financial sector experts in the Fund tripled in the last decade. At the same time, the IEO report noted that there is still a general need to enrich staff knowledge and experience in macrofinancial analysis. Therefore, the Fund is reinforcing its efforts to attract, develop, and retain a deeper pool of financial talent. The new HR Strategy, that will be rolled out through FY2021, will include strategic workforce planning supported by a talent inventory of staff (with expertise profiles, including macrofinancial), a career mobility framework facilitated by a playbook, and an expert track. The Human Resources Department (HRD) will continue to inform Management, departments, and staff on how the new HR Strategy will help ensure an adequate pool of talent to meet current and emerging business needs, including talent for financial surveillance. HRD plans to brief the Executive Board on the implementation of the HR strategy, including on the ongoing workforce analysis for financial sector experts, by January 2020 (see proposed action in Annex I).

- HRD will continue to publish online details on programs, policies, and guidelines as each initiative is rolled out. Specific steps in the implementation of the HR strategy that are expected to help ensure an adequate pool of financial talent include: (i) the launch of an enhanced career mobility framework along with a career playbook for all job families, including for financial sector experts by January 2020; and (ii) the completion of an enhanced talent inventory of staff by November 2020, which will include talent profiles for financial sector experts and data on macrofinancial (and other) experiences of fungible macroeconomists (see proposed actions in Annex I).
- As the last of the HR strategy initiatives will be launched in FY2021, HRD will continue to provide a Fund-wide update on implementation details, including by publishing these on the Fund's intranet by April 2022 (see proposed action in Annex I).
- In addition to helping staff develop financial and macrofinancial expertise through initiatives under the new HR Strategy, including a redesigned mobility framework, staff is working toward enhancing training opportunities for Fund economists in the macrofinancial area:
 - The Institute for Capacity Development (ICD) increased the number of training events in the macrofinancial area to 17 in 2018 (up from 14 in 2017) and plans to offer 19 events in 2019 (see proposed action in Annex I).
 - Staff is also revamping the internal economics training program with the goal of increasing regular hands-on workshops in critical macrofinancial areas for country teams to understand and practice new analytical tools. In April 2019, ICD, in cooperation with MCM, launched the first hands-on training workshop on the GaR tool, with a second one tentatively planned for December 2019 included among the proposed training events. Hands-on training opportunities to facilitate the use of analytical tools also reinforce the impact of completed and planned actions to upgrade the macrofinancial analytical toolkit (see recommendation 4).

Recommendation 6. Increasing Budgetary Resources

9. Executive Directors supported recommendation 6, mostly through reallocation of resources with relevant tradeoffs to be assessed in the context of budget discussions.

- *Board reactions:* Directors agreed that to fully meet its responsibilities and objectives, the Fund should devote adequate resources to strengthening financial surveillance and concurred with the need for additional resources for this work. Most Directors considered that an increase in resources should come from reallocation of some resources from other activities and seeking efficiencies. A few Directors thought that there should be an overall budget increase. Many Directors called for costed options for resource reallocation to help the Board in making an informed decision. Directors noted that relevant tradeoffs will be considered in the context of the Fund's budget discussions, the FSAP Review, and the CSR.

Implementation Plan

- The FY2020 budget allocated, in gross terms, an additional US\$2.0 million (6 percent annual increase) to MCM to enhance bilateral financial surveillance, of which nearly half was funded through streamlining the number of GFSR chapters.
- The FY2021–23 Medium-term Budget discussion, to take place during February–April of 2020, will consider the ongoing FSAP Review and CSR and reflect on medium-term trade-offs, the areas of the Fund’s comparative advantages, and strategic objectives defined by the Executive Board (see proposed action in Annex I). The discussions will recognize the importance of making sure that we assist our members in the most cost-effective way possible.

RESOURCE IMPLICATIONS

10. The new initiatives outlined above would have marginal resource implications in the near term. Staff has already begun responding to the IEO recommendations and as a result several actions proposed in this MIP have already been incorporated into departmental work plans and budgets for FY2020. Therefore, the additional near-term costs resulting from this MIP are expected to be minor. However, medium-term resource implications will depend on the follow-up to the CSR and FSAP Review. Discussions of resource needs for financial surveillance are expected to be initiated in the context of the FY2021–23 Medium-term Budget, with changes to be implemented over time.

Annex I. IEO Evaluation of the IMF Financial Surveillance: Recommendations, Board Responses, and Proposed Follow-up

IEO Recommendation	Executive Directors' Responses	Follow-Up Plan and Timeline	Accountability
1. <i>Deepen financial and macrofinancial analysis, particularly in Article IV consultations, including by taking practical steps to better integrate FSAP analysis in Article IV consultations and by increasing financial skills and expertise among staff.</i>	Directors supported strengthening financial and macrofinancial analysis in Article IV surveillance and noted that the upcoming Comprehensive Surveillance and FSAP Reviews will provide an opportunity to consider this recommendation and related specific suggestions.	<ul style="list-style-type: none"> • The CSR, in conjunction with the FSAP Review, to present proposals on how to further strengthen financial and macrofinancial analysis in Article IV surveillance, including, inter alia, a proposal to increase MCM resources that would support Area Departments (Spring 2020). • Publish an updated guidance note on surveillance under Article IV consultations containing practical steps to implement the Board-approved CSR recommendations, including on financial surveillance (by April 2021). 	<p>SPR in coordination with MCM</p> <p>SPR</p>
2. <i>Revisit the current approach to allocating FSAP resources to achieve a more flexible, dynamic and risk-based allocation across countries and issues.</i>	Directors broadly agreed to revisit the current approach to allocating FSAP resources to achieve a more flexible, dynamic, and risk-based allocation across countries and issues. Directors also agreed that the scope and focus across FSAPs could be reviewed to better tailor assessments to country circumstances including risks and regulatory gaps.	<ul style="list-style-type: none"> • The FSAP Review to present proposals on country participation and on better balancing the standardization and customization of financial stability assessments (Spring 2020). 	MCM
3. <i>Continue to work to enhance the impact of IMF multilateral surveillance by increasing rigor and transparency, and by deepening collaboration with international partners.</i>	Directors supported making more GFSR data and analysis available online, subject to copyright constraints, and adapting the GFSR presentation to make it an easier read for busy country officials, who are its main audience. Directors also supported continuing to deepen cooperation with international partners.	<ul style="list-style-type: none"> • Board paper on “Adapting National Prudential Approaches to the International Reform Agenda: Lessons from Experience,” that draws from staff’s experience in collaborating with international partners (April 2020). • The 2019 Fall GFSR will publish online annexes with additional details on data and methodologies, subject to copyright and confidentiality constraints. 	<p>MCM</p> <p>MCM</p>

IEO Recommendation	Executive Directors' Responses	Follow-Up Plan and Timeline	Accountability
<p>4. <i>Enhance the IMF's analytical tools and strengthen efforts to be a global center of excellence on financial and macrofinancial research.</i></p>	<p>Directors supported the recommendation to continue to enhance the Fund's analytical tools to improve the understanding of macrofinancial linkages. Directors considered that exchange of views between the Fund and major central banks, as well as developing simplified tools and increasing internal outreach, is helpful for this purpose.</p>	<p>To strengthen efforts to be a global center of excellence on financial and macrofinancial research:</p> <ul style="list-style-type: none"> • Hold a conference on macrofinancial linkages (April 2020). • Hold a conference on "Rethinking Financial Stability: The FSAP at 20" (October 2019). <p>To enhance the IMF's analytical tools:</p> <ul style="list-style-type: none"> • Roll out an upgraded version of the corporate vulnerabilities surveillance tool that expands country and firm coverage vis-à-vis the current version (by April 2021). • Roll out a tool that tracks indicators of financial risks across the membership to help strengthen the consistency of systemic financial risk assessments and facilitate the follow-up of FSAP-identified vulnerabilities (recommendation 1) in Article IV staff reports (December 2019). • The FSAP Review to present proposals to strengthen the FSAP's analytical foundations (Spring 2020). 	<p>RES</p> <p>MCM</p> <p>RES</p> <p>SPR</p> <p>MCM</p>
<p>5. <i>Intensify efforts to attract, develop and retain a deeper pool of financial talent, as well as to ensure that area department fungible macroeconomists have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations.</i></p>	<p>Directors underscored that it is critical to ensure that country teams have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations. They noted that targeted enhancements from the HR Strategy can help ensure that Fund staff develop the expertise needed for effective macrofinancial surveillance.</p>	<ul style="list-style-type: none"> • Brief the Executive Board on the HR strategy, including on the ongoing workforce analysis for financial sector experts (by January 2020). • Launch an enhanced career mobility framework along with a career playbook for all job families, including for financial sector experts (by January 2020). 	<p>HRD</p> <p>HRD</p>

IEO Recommendation	Executive Directors' Responses	Follow-Up Plan and Timeline	Accountability
		<ul style="list-style-type: none"> • Complete an enhanced talent inventory of staff to include talent profiles for financial sector experts and data on macro-financial (and other) experiences of fungible macroeconomists (by November 2020). • Publish implementation details of the new HR Strategy, which will include strategic workforce planning supported by a talent inventory of staff (with expertise profiles, including macrofinancial), a career mobility framework, and an expert track (by April 2022). • Offer 19 training events in the macrofinancial area in 2019 (by end-2019), up from 17 in 2018. 	<p style="text-align: center;">HRD</p> <p style="text-align: center;">HRD</p> <p style="text-align: center;">ICD</p>
6. Consider devoting significant additional resources to financial surveillance.	Directors agreed that to fully meet its responsibilities and objectives, the Fund should devote adequate resources to strengthening financial surveillance and concurred with the need for additional resources for this work.	<ul style="list-style-type: none"> • The FY2021-23 Medium-term Budget discussion will consider the on-going FSAP Review and CSR and reflect on medium-term trade-offs. (February-April 2020). 	<p style="text-align: center;">OBP</p>