

emerging from economic or political crisis, and to cooperate more effectively with donor countries.

Strengthening Governance and Management

A number of key governance mechanisms of the international system have become less effective in recent years. There is a clear need to redesign and refocus a number of these mechanisms if they are to have a more meaningful role.

Consideration might be given to two options to reinvigorate the Interim and Development Committees. The first option could be to create a new forum with a broader mandate than the current Interim and Development Committees. Under this option, the Interim and Development Committees could be reconstituted into a single joint Fund-Bank Committee to focus on global financial and development policy issues.

An alternative option might be to transform the Development Committee into a more effective policy steering committee with a relationship to the World Bank Group analogous to that of the Interim Committee to the IMF. Under both cases, it could be recommended that Ministerial attendance be limited to the Annual meetings. Discussions at the Spring meetings could then be at the level of senior officials.

The time has also come for international financial institutions to better prioritize their activities. In particular, these institutions need to actively address the growing overlap and unnecessary duplication of many of their activities. Not only would policy actions in this area yield welcome savings, but they could also contribute to greater policy coherence throughout the IFI system.

- **There appears to be scope to reduce overlap in the area of macroeconomic surveillance. In this area, the IMF and the OECD have sometimes come to perform similar surveillance. The OECD should give relative priority to structural issues without neglecting its traditional macroeconomic studies, which are necessary to enable sound evaluation of structural policies. These studies could focus more on medium term prospects.**

Finally, there is a need for these institutions to clearly demonstrate their commitment to cost effectiveness.

- **In line with this, those institutions which have already begun to formulate and implement plans to effect significant reductions in their operating costs should be encouraged in their work. Those institutions yet to begin such a process should be urged to do so during upcoming budget exercises with a view to achieving measurable results over the next few years.**