

V. SURVEY OF IMF STAFF ON STRUCTURAL CONDITIONALITY

Methodology

65. For this study, the IEO undertook a staff survey between February 9 and March 6, 2006. The survey contained 20 questions covering issues related mainly to the IMF's streamlining initiative, the 2002 Conditionality Guidelines, and IMF-World Bank cooperation in program countries. While the questions were of a multiple-choice type, space to provide written feedback was given to respondents in several questions. A copy of the survey's template and a tabulation of the results are included at the end of this chapter.

Sample and response rates

66. The target audience was set at 300 staff members, with half of them being mission chiefs and the other half split into area department mission members (2/3) and PDR mission members (1/3). A list of actual participants in IMF missions between January 1, 2000 and December 31, 2005 was obtained from the Technology and General Services Department's (TGS) "Travel Information Management System."²³

67. Following identification by the IEO team of the 300 staff members, TGS sent, on behalf of the IEO, an initial message to the target audience on February 9, 2006 providing a link to an electronic version of the survey and setting February 23, 2006 as the deadline. A subsequent e-mail was sent on February 24, 2006 extending the deadline to March 6, 2006.

68. The overall response rate was 23 percent (Table 5.1).

Table 5.1 Survey Sample and Response Rate

	Original Target Sample	Non-qualifying Sample 1/	Net Deliverable Sample	Responses Received	Response Rate (in percent)
Mission chiefs	146	8	138	28	20
Other mission members	151	1	150	38	25
Overall	297	9	288	66	23

1/ Refers to the number of staff in the original target sample that were no longer working at the IMF at the time the survey was sent.

²³ The IEO team focused on program-related missions and joint Article IV—Use of Fund Resources missions. Participants in other types of missions such as technical assistance, FSAP, or pure Article IV consultations were not included in the sample.

Summary of staff's main views

On macroeconomic and structural conditionality

69. Nearly 70 percent of respondents noted that IMF-supported programs pay sufficient attention to medium-term structural reforms relative to the attention given to quantitative, macroeconomic targets. The other respondents were equally divided between those who thought that programs paid insufficient attention and those who believed that programs pay excessive attention.

70. Staff responses to the survey suggest, however, that macroeconomic and structural conditions do not carry the same weight. The survey asked whether the IMF has been more lenient in cases of non-compliance with structural conditions (in terms of waivers, completion of reviews, etc.) than in cases of non-compliance with macroeconomic conditionality. Nearly 60 percent answered positively and one-third answered negatively. The rest chose "other" and offered comments.

71. Another possible indicator of the extent to which SC may not carry the same weight as quantitative conditionality is given by the number of staff who feel that the IMF has gone ahead prematurely with supporting a program, in the sense of not having waited for the authorities to implement first a critical set of structural measures. About half (52 percent) of the responses fell in the categories "Often" and "Very Often."

On the effects of the streamlining initiative

72. The survey reveals various interpretations of one of the CG's key prescriptions: the test of "criticality" for the achievement of program objectives. When asked about what criterion is being used most often for determining whether a particular structural measure should be part of formal conditionality, 28 percent of respondents answered that "the measure needs to be critical for the achievement of the program's stated objectives;" 15 percent answered that it "needs to fall within the IMF's main areas of expertise (or be considered macro-relevant)," and nearly 50 percent indicated that both criteria need to be met. Thus, about two-thirds of staff seem to believe that being a core area of Fund expertise is a necessary condition for a measure to be subject to formal conditionality.

73. Views on the effects of the streamlining initiative vary significantly among staff. Nearly 60 percent of respondents feel that the record so far is mixed in the sense that, while some programs have been properly "streamlined," a similar number of programs are now excluding structural measures that are critical for the achievement of program objectives. Some 15 percent of respondents thought that streamlining had gone too far and a slightly smaller number thought that most programs still have much room for streamlining.

74. Eighty six percent of respondents believe that the streamlining initiative has weakened programs in the sense that critical measures are now being excluded. Of these, some

60 percent believe that this happens but not frequently. However, nearly 40 percent believe that critical conditions are being left out either “Often” or “Very often.”

75. Amongst the sectors most often excluded from SC as a result of the streamlining initiative, the respondents put “Civil service reform” and “Privatization” at the top of their list, with almost the same average scores. The category “Other” ranked third, with respondents offering a variety of sectors (“Governance,” “Legal reform,” “Budgetary reform”), followed closely by “Energy sector reform.” Further behind were “Trade reform,” “Social safety nets,” and “Pension reform.”

76. Staff were also asked about unintended effects of the streamlining initiative and were offered three possible answers as well as the option of offering alternative views (under the heading “Other”). The most common answer, accounting for nearly 40 percent of all responses, was that streamlining has assisted mission chiefs in deflecting pressures for adding SC stemming from technical assistance-providing departments, donors, etc. About one-quarter of respondents indicated that conditions are now being formulated so as to artificially reduce their total number, whereas some 20 percent indicated that there had been no unintended consequences. Views among those who selected “Other” varied considerably, with some noting that streamlining SC has weakened IMF-supported programs because of the importance of structural reform for achieving macroeconomic stability, and others arguing that unnecessary SC has been appropriately taken out of several programs and that the initiative has led to better collaboration with the World Bank.

On IMF-World Bank cooperation

77. One of the underpinnings of the streamlining initiative and subsequent calls for more focused IMF conditionality is an adequate degree of cooperation with other IFIs, particularly the World Bank. This survey explored staff perceptions of IMF-World Bank cooperation from different angles. When asked how often cooperation with the World Bank had led to improved design of SC in IMF-supported programs, 56 percent of staff answered “seldom” or “never.” Only 11 percent indicated “very often.”

The survey

1. Please characterize your experience as having been basically in:

	Total	Percent
<input type="checkbox"/> PRGF-supported programs	30	46
<input type="checkbox"/> GRA-supported programs	20	30
<input type="checkbox"/> Equally in both	16	24

2. And having participated in missions as:

	Total	Percent
<input type="checkbox"/> Mission chief	28	42
<input type="checkbox"/> Member of mission team	38	58

The role of SC in programs

3. In your view, how much attention is currently given to medium-term structural reform and conditionality in IMF-supported programs, relative to the attention given to the macroeconomic (quantitative) targets? (In answering this question, please account for programs' specific circumstances)

	Total	Percent
[a] Insufficient attention	9	14
[b] Sufficient attention	46	70
[c] Excessive attention	8	12
[d] Other, please explain:	3	4

4. Has the institution been more lenient with the non-compliance of structural conditions (in terms of waivers, completion of reviews, etc.) than in cases of non-compliance with macroeconomic (quantitative) conditionality?

	Total	Percent
[a] Yes	38	58
[b] No	22	33
[c] Other, please explain:	6	9

5. How often have you encountered programs where a given review was completed but, in your view, it should not have been because of non-compliance with a significant number of **structural benchmarks** (SBs)—despite compliance with performance criteria (PCs) in macroeconomic and other structural areas?

	Total	Percent
[a] Very often	2	3
[b] Often	14	21
[c] Seldom	36	55
[d] Never	14	21

6. How frequently do you think the IMF has gone ahead prematurely with supporting a program, in the sense of not having waited for the authorities to implement first a critical set of **structural measures**:

	Total	Percent
[a] Very often	2	3
[b] Often	32	44
[c] Seldom	29	44
[d] Never	3	5

The streamlining initiative²⁴ and the 2002 conditionality guidelines

7. In your view, which of the following criteria is used most often for determining whether a particular structural measure should be part of formal conditionality?

	Total	Percent
[a] The measure needs to be critical for the achievement of the program's stated objectives	18	28
[b] The measure needs to fall within the IMF's main areas of expertise (or be considered macro-relevant)	10	15
[c] [a] and [b]	32	49
[d] Other, please explain:	5	8

8. What is your view of the effects of the streamlining initiative on SC?

	Total	Percent
[a] It has not gone far enough, as most programs still contain structural conditions that are not critical for the achievement of those programs' objectives	9	14
[b] It has gone too far, as many programs are now excluding structural measures that are critical	10	15
[c] The record is mixed. Some programs have been properly "streamlined" whereas a similar number of programs are now excluding critical structural measures	38	57
[d] Other, please explain:	9	14

²⁴ Initiated formally in 2000 with the introduction of the Interim Guidance Note on Streamlining Structural Conditionality.

9. The recently completed internal Conditionality Review finds that the average number of conditions per program in core areas has increased in recent years. In your view, what factors have been the greatest contributors to this trend? (Please rank the four statements from 1 (contributed the most) to 4 (contributed the least)).

	Ranking of Average Scores
[] Limiting excessively structural conditionality in non-core areas together with the perception that the Board will not accept a significant reduction in the total number of conditions	3
[] A better understanding by staff of structural problems in core areas because of technical assistance and other institutional initiatives (such as FSAPs)	2
[] Greater precision by staff at spelling out road maps needed to achieve program goals, independently of technical assistance or other institutional initiatives	4
[] Other, please explain:	1

10. In practice, the streamlining initiative, together with the 2002 Guidelines, may have had some unintended effects. Which of the following would you consider as examples of this (Select all that apply):

	Total	Percent
[a] It has assisted mission chiefs in deflecting pressures for adding SC that come from technical assistance-providing departments, donors, etc.	31	38
[b] It has led to the conditions being formulated so as to artificially reduce their total number (i.e., bunching of several conditions into a single one; hidden prior actions; etc.)	20	24
[c] It has not had any unintended effects	17	21
[d] Other, please explain:	14	17

11. In your view, has the introduction of the *criticality* concept in 2002 been conducive to greater streamlining than that of *macro relevance* (as per the 2000 Interim Guidance Note on Streamlining)? (Select all that apply):

	Total	Percent
[a] Yes, insofar as <i>criticality</i> filters out conditions that, while important or even macro-relevant, would not by themselves threaten the achievement of the program's goals	21	27
[b] Not necessarily. Whereas each condition must now be <i>critical</i> for the achievement of program goals, the guidelines do not prevent stated program goals from being broadened and, hence, permit a wider and/or more diverse set of conditions to pass the criticality test	13	16
[c] Not necessarily. It is not always easy to assess criticality of a given condition in practice when the specific role of the IMF in several areas (such as supporting the achievement of MDGs; working with donors with different preferences/objectives; assisting European countries with EU accession) is still not well defined	37	47
[d] Other, please explain:	8	10

12. In your experience over the last two years, what has been the Board's reaction to the depth and breadth of proposed structural conditionality (both in the program request and in subsequent reviews):

	Total	Percent
[a] Executive Directors have agreed with it for the most part	28	43
[b] Executive Directors have raised concerns about insufficient SC (including references to specific areas of structural reform not being subject to formal conditionality)	22	33
[c] Executive Directors raised concerns about excessive SC	4	6
[d] Other, please explain:	12	18

IF YOU ANSWERED [a] IN QUESTION 8 PLEASE SKIP TO QUESTION 16

13. How frequently do you think programs have excluded critical structural measures from formal conditionality because of the streamlining initiative?

	Total	Percent
[a] Very often	1	2
[b] Often	21	37
[c] Seldom	35	61

14. If you are of the view that structural measures critical for the achievement of program objectives have been omitted from programs, how often does this reflect mission chiefs refraining from including such conditions because they felt that they would have been dropped by their front office or, subsequently, reviewing departments?

	Total	Percent
[a] Very often	4	7
[b] Often	20	35
[c] Seldom	22	39
[d] Never	11	19

15. Alternatively, how often has staff working directly in programs originally proposed structural conditions, which it deemed essential, but subsequently some of these had to be dropped as a direct result of the review process, either internally in the Area Department or by PDR and/or other functional departments?

	Total	Percent
[a] Very often	2	3
[b] Often	15	26
[c] Seldom	30	53
[d] Never	10	18

16. Rank those areas which, in your opinion, have been most often excluded from formal conditionality because of the streamlining initiative (*1 indicating the highest frequency and 7 the lowest*):

	Ranking of Average Scores
<input type="checkbox"/> Privatization	2
<input type="checkbox"/> Pension reform	7
<input type="checkbox"/> Social safety net	6
<input type="checkbox"/> Civil service reform	1
<input type="checkbox"/> Energy sector reforms	4
<input type="checkbox"/> Trade reform	5
<input type="checkbox"/> Other, please specify:	3

IMF-World Bank Cooperation

17. How often has cooperation with the World Bank led to improved design of structural conditionality in IMF-supported programs?

	Total	Percent
[a] Very often	7	11
[b] Often	22	33
[c] Seldom	34	52
[d] Never	3	4

18. In instances where structural measures that you or other staff deemed critical were excluded from IMF conditionality (for reasons highlighted earlier), how often in your view were these measures incorporated as conditionality in parallel World Bank operations?

	Total	Percent
[a] Very often	0	0
[b] Often	21	32
[c] Seldom	34	51
[d] Never	11	17

19. Are there areas of conceptual or analytical disagreement between the IMF and the WB in setting SC that could benefit from a comprehensive study (carried out by both institutions) aimed at deriving lessons from experience?

	Total	Percent
[a] Yes	27	41
[b] No. <i>Skip to end</i>	39	59

20. How would you prioritize the following topics for conducting a joint study with the WB on lessons learned from experience? Please, rank (*with 1 being the highest priority and 6 the lowest*)?

	Ranking of Average Scores
<input type="checkbox"/> Privatization issues (modalities, speed, etc.)	2
<input type="checkbox"/> tax exemptions and tax holidays to encourage investment	5
<input type="checkbox"/> Pension reforms	4
<input type="checkbox"/> Trade policy reform	6
<input type="checkbox"/> Financial sector reforms	3
<input type="checkbox"/> Other, please specify:	1