Executive Summary

This evaluation assesses the degree to which IMF interactions with member countries were effective and well managed in 2001–08, with particular attention paid to 2007–08. It contains a number of findings that are relevant to the tasks that lie ahead for the Fund in implementing the new responsibilities it has recently been given to help members deal with the global financial crisis.

Overall, the evidence is mixed. While one may be tempted to take solace from relatively high perceptions of overall effectiveness in some country groupings, such reaction needs to be tempered by clear evidence of lack of agreement between the authorities and staff on the scope of interactions in some cases, and of widely varying effectiveness in particular roles. Interactions were effective in a program and technical assistance context and, in general, in contributing to a good exchange of views and in providing objective assessments. However, in other areas, including in the international dimensions of its surveillance and other work, where one would expect the IMF to excel, effectiveness and quality were not rated highly.

The evaluation evidence shows that IMF interactions were least effective with advanced and large emerging economies. They were most effective with PRGF-eligible countries, and, to a lesser extent, with other emerging economies. Particularly troubling was the continuing strategic dissonance with large advanced economies, especially about the Fund’s role in international policy coordination, policy development, and outreach. The authorities did not give the Fund high marks for its effectiveness in these areas. Neither did staff, who nevertheless aimed to do more. The evidence also points to limited effectiveness with large emerging economies, many of whom saw the surveillance process as lacking value and/or evenhandedness.

The evaluation found that outreach with stakeholders beyond government contributed little to the effectiveness of IMF interactions. The Fund’s transparency policy did less than staff had hoped to increase the Fund’s traction, as some authorities blocked timely dissemination of mission findings. Dissemination initiatives designed to gain influence in domestic policy debates by repositioning the Fund as an informed analyst—and distancing it from the negative legacy of past engagement—remain work in progress.

The evaluation found that interactions were undermanaged, although some individuals managed particular interactions very well. The Fund’s strategy was ineffective in enhancing traction with surveillance-only countries. The Fund paid too little attention to the technical expertise and other skills that might have added value, and neglected to manage pressures that staff felt to provide overly cautious country assessments—a finding of major concern, especially in respect to staff work on systemically important countries. In PRGF-eligible countries, an institutional strategy replete with attractive financing, debt relief, and strong links to donor funding made for an abundance of traction. But in some cases it also led to what authorities perceived to be arrogant and dictatorial staff behavior—though they saw evidence of progress in recent years. Staff incentives and training largely ignored interactions, and responsibilities and accountabilities for relationship management were not clear.

The following recommendations aim at enhancing the effectiveness of IMF interactions with members:

- To make the Fund more attractive to country authorities and promote traction: (i) improve the quality of the international dimensions of the Fund’s work; (ii) recruit specialist skills and bring more experts on country visits, especially where traction is waning; (iii) articulate menus of products and services for emerging market and advanced economies; and (iv) replace the now defunct country surveillance agendas with strategic agendas to enhance country focus and accountability.

- To improve the effectiveness of outreach: (v) clarify the rules of the game on outreach; and (vi) decide how to handle the Fund’s negative reputational legacy in countries where it is a factor undermining interactions, and equip staff with the skills and resources to follow through.

- To improve the management of interactions: (vii) develop professional standards for staff interactions with the authorities on country assessments; (viii) increase mission chief and staff tenure and training, and improve incentives for interactions; and (ix) clarify relationship management responsibilities and accountabilities.

The evaluation evidence shows that IMF interactions were least effective with advanced and large emerging economies. They were most effective with PRGF-eligible countries, and, to a lesser extent, with other emerging economies. Particularly troubling was the continuing strategic dissonance with large advanced economies, especially about the Fund’s role in international policy coordination, policy development, and outreach. The authorities did not give the Fund high marks for its effectiveness in these areas. Neither did staff, who nevertheless aimed to do more. The evidence also points to limited effectiveness with large emerging economies, many of whom saw the surveillance process as lacking value and/or evenhandedness.

The evaluation found that outreach with stakeholders beyond government contributed little to the effectiveness of IMF interactions. The Fund’s transparency policy did less than staff had hoped to increase the Fund’s traction, as some authorities blocked timely dissemination of mission findings. Dissemination initiatives designed to gain influence in domestic policy debates by repositioning the Fund as an informed analyst—and distancing it from the negative legacy of past engagement—remain work in progress.

The evaluation found that interactions were undermanaged, although some individuals managed particular interactions very well. The Fund’s strategy was ineffective in enhancing traction with surveillance-only countries. The Fund paid too little attention to the technical expertise and other skills that might have added value, and neglected to manage pressures that staff felt to provide overly cautious country assessments—a finding of major concern, especially in respect to staff work on systemically important countries. In PRGF-eligible countries, an institutional strategy replete with attractive financing, debt relief, and strong links to donor funding made for an abundance of traction. But in some cases it also led to what authorities perceived to be arrogant and dictatorial staff behavior—though they saw evidence of progress in recent years. Staff incentives and training largely ignored interactions, and responsibilities and accountabilities for relationship management were not clear.

The following recommendations aim at enhancing the effectiveness of IMF interactions with members:

- To make the Fund more attractive to country authorities and promote traction: (i) improve the quality of the international dimensions of the Fund’s work; (ii) recruit specialist skills and bring more experts on country visits, especially where traction is waning; (iii) articulate menus of products and services for emerging market and advanced economies; and (iv) replace the now defunct country surveillance agendas with strategic agendas to enhance country focus and accountability.

- To improve the effectiveness of outreach: (v) clarify the rules of the game on outreach; and (vi) decide how to handle the Fund’s negative reputational legacy in countries where it is a factor undermining interactions, and equip staff with the skills and resources to follow through.

- To improve the management of interactions: (vii) develop professional standards for staff interactions with the authorities on country assessments; (viii) increase mission chief and staff tenure and training, and improve incentives for interactions; and (ix) clarify relationship management responsibilities and accountabilities.