IEO Releases Evaluation of IMF Interactions with Member Countries

The Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) is releasing its report on IMF Interactions with Member Countries.

The evaluation examined the IMF’s country-level interactions on surveillance, programs and technical assistance over the period 2001–08, with special attention to 2007-08. It is based on evidence from interviews and surveys of member country authorities, staff, and civil society organizations; reviews of IMF published and internal documents; and specially commissioned background papers.

The evaluation found that IMF interactions were least effective with advanced and large emerging economies—together accounting for about 90 percent of global GDP. Interactions were most effective with low-income countries (those eligible for the Fund’s Poverty Reduction and Growth Facility), and, to a lesser extent, with other emerging economies, reflecting the broad effectiveness of interactions in a program and/or technical assistance context. The evaluation also found that interactions were undermanaged, although some individuals managed particular interactions very well.

The report’s recommendations aim at improving the effectiveness of core IMF activities, which will become more important as the global financial crisis subsides. They also are relevant to the implementation of initiatives that have taken shape since the close of the evaluation period—both the new approaches that the IMF has adopted with implications for country-level interactions and the new responsibilities supporting international policy coordination that the IMF has been given in the wake of the crisis.

The evaluation covered the entire membership. Findings by country group include the following:

The evaluation evidence on the effectiveness of interactions with the advanced economies was mixed. The large advanced economies rated the overall effectiveness of interactions relatively highly, while IMF staff working on those economies rated it the lowest of all groups. The majority of the large advanced economies wanted little from interactions beyond an assessment of policies and prospects and a good exchange of views, while staff saw their role as broader, for example in contributing to the international coordination of policies and/or the development of policy frameworks. Minorities of authorities—from both large and other advanced economies—rated such activities as effective. The evaluation also found that a desire to avoid displeasing the authorities was a fact of life for staff working on the advanced economies, and a challenge to the independence of their analysis.
The large emerging economies rated the overall effectiveness of interactions lower than any other country group. Many interviewed authorities saw the surveillance process as lacking value in its content and/or evenhandedness in its execution, which some saw as biased towards the interests of the advanced economies; they tended to value technical interactions more highly. For the other emerging economies, the evaluation found a wide variety of experience, but on the whole a more positive view of the substantive quality of interactions, especially on programs and technical assistance, and a somewhat more negative view of the management of interactions, reflecting greater concerns about excessive turnover of mission chiefs and related matters affecting the continuity of the dialogue.

For the low-income countries, the evaluation found evidence of improvements in the effectiveness of interactions in the second half of the evaluation period. Most authorities gave high marks to IMF technical assistance, signaling with donors, and programs. But the evaluation also found examples of authorities with lingering and bitter memories of earlier interactions on conditionality and program interruptions, and of continuing negative views among civil society organizations that identify the Fund with structural adjustment, privatization, and fiscal austerity. As with the other emerging economies, many authorities of low-income economies faulted the Fund for excessive mission chief turnover.

The report recommends upgrading the content and substantive quality of Fund surveillance, and developing knowledge-based products to enhance the Fund’s traction with authorities in surveillance-only relationships where the effectiveness deficit is most pronounced. It calls for a more strategic approach to interactions, both for groups of countries and at the individual country level. To enhance candor, it recommends the development of professional standards for staff interactions with the authorities on country assessments. It also recommends clarification of the kinds of outreach the staff can undertake when the authorities may be wary of such activities—as the evaluation found in a number of cases—or should undertake when dealing with the IMF’s negative reputational legacy. The recommendations include steps designed to better manage interactions, such as by lengthening mission chief assignments; increasing training; and clarifying responsibilities and accountabilities for relationship management.

The report, IMF management and staff responses, IEO comments on the management and staff responses, and the summing up of the Executive Board meeting are available at http://www.ieo-imf.org.

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