

Foreword

This report examines the effectiveness of the IMF's engagement in Greece, Ireland, and Portugal in 2010–14 in order to draw lessons and to enhance transparency. The crises in these countries, coming so soon after the global financial and economic crisis, and occurring in a common currency area comprising highly integrated economies, posed extraordinary challenges to European and world policymakers. The IMF was called upon to provide financing and technical expertise in the management of these crises. The IMF's role has been a subject of extensive commentary and scrutiny by experts around the world.

The IEO report approaches the topic by asking whether the IMF's crisis management was appropriate, given the exceptional circumstances; whether it compromised its best economic judgment because of the way it engaged the euro area; and what it could have done differently to achieve better outcomes. The evaluation concludes that the Executive Board generally played a limited role in its supervisory function, and that the IMF's overall performance in surveillance and crisis lending was uneven. The IMF's handling of the euro area crisis raised issues of accountability and transparency, which helped create the perception that the IMF treated Europe differently.

Based on the lessons drawn from this experience, the report makes five recommendations for the IMF, in order to improve its governance and operational effectiveness. All of these recommendations received full or qualified support from the Executive Board when it met to discuss the report in July 2016. In supporting these recommendations, the Board reaffirmed the role of independent evaluation as key to good governance and as a means of enhancing the IMF's external credibility.

I am encouraged by the willingness of the Managing Director and the Executive Board to learn from the past, in order to improve the IMF's technical capacity and decision-making process. It is hoped that this report, along with systematic efforts to address the issues identified therein, will contribute to strengthening the IMF's central role in the international monetary system.

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