



Independent Evaluation Office
of the International Monetary Fund

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IEO Releases Evaluation of IMF Advice on Unconventional Monetary Policies

The Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) released today its evaluation of IMF Advice on Unconventional Monetary Policies. The report evaluates the IMF's advice both to the countries which initiated these unconventional monetary policies (UMP) and to countries—particularly emerging markets—affected by spillovers from such policies.

In releasing the evaluation report, IEO Director Charles Collyns observed that “in many ways the IMF’s response to an unprecedented challenge to monetary policymakers was impressive. But, there were also some shortcomings in the Fund’s engagement.” He said implementing the report’s recommendations, which were broadly endorsed by IMF management and Executive Board, would help the Fund “raise its game” on monetary policy advice, particularly relevant as the next global downturn may well find many central banks with limited room for conventional easing.

The report recognizes that the IMF provided timely validation to central banks leading the way on UMP, while urging action where such monetary support was slower in coming. The Fund monitored the potential financial stability risks from these policies and helped develop a macroprudential policy toolkit to manage them. The Fund also mobilized to help emerging markets and the international monetary system deal with the cross-border impacts of UMP.

While appreciating this wide-ranging response, Prakash Loungani, team leader for the evaluation, said that the report finds that limited depth of expertise on monetary policy issues and high turnover of country teams impeded the Fund’s ability to provide cutting-edge advice tailored to country circumstances. The report also suggests that the IMF could have done more to explore alternative policy mixes that could have limited side-effects from UMP and that some emerging market policymakers felt that the Fund could have been more supportive to help them address the challenges from volatile capital flows.

The report makes concrete recommendations to build-up the IMF’s monetary expertise and other steps to raise the capacity to provide timely advice in future on this core area of the Fund’s work.