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Independent Evaluation Office
of the International Monetary Fund

STRUCTURAL CONDITIONALITY IN IMF-SUPPORTED PROGRAMS

EVALUATION UPDATE **2018**

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This report is the eighth in an IEO series that revisits past evaluations. Reports in this series aim to determine whether the main findings and conclusions of the original IEO evaluation remain relevant, and to identify any outstanding or new issues related to the evaluation topic that merit continued attention. These assessments do not provide recommendations and are based on desk reviews of IMF documents and interviews of IMF staff and members of the Executive Board. This report reviews the 2007 IEO evaluation of structural conditionality in IMF-supported programs.

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Names: Kincaid, G. Russell. | Lamdany, Ruben. | International Monetary Fund. Independent Evaluation Office.
Title: Structural conditionality in IMF-supported programs : evaluation update.
Description: Washington, DC : Independent Evaluation Office of the International Monetary Fund, 2018 | "This report was prepared by G. Russell Kincaid, in consultation with Ruben Lamdany." | Includes bibliographical references.
Identifiers: ISBN 9781484353035 (paper)
Subjects: LCSH: Conditionality (International relations) | Structural adjustment (Economic policy) | International Monetary Fund—Evaluation.
Classification: LCC HG3881.5 .I58 S7783 2018

Publication orders may be placed online, by fax, or through the mail:
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P.O. Box 92780, Washington, DC 20090, U.S.A.

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FOREWORD

This report revisits the 2007 evaluation of *Structural Conditionality in IMF-Supported Programs*. The extensive use of structural conditionality has long been contentious, reflecting concerns about country ownership of reform programs, the burden of multiple conditions on a country's implementation capacity, and the extent of long-term impact. This update is intended to contribute to the IMF's continued consideration of these issues.

The update reports that there here have been a number of important changes to the IMF's structural conditionality framework over the decade, notably the elimination of structural performance criteria. The report also finds that there has been some progress in streamlining the use of structural conditionality and some modest improvement in compliance.

Nonetheless, the update concludes that many of the issues raised in the 2007 evaluation remain salient and merit renewed attention. While the shift towards review based conditionality is broadly welcome, there are still concerns about lack of country ownership and possible stigma effects. The volume of structural conditions has shown some signs of rising in recent years, while impact remains a question. The report also identifies challenges with cooperation with the World Bank and other partners in designing and monitoring IMF structural conditionality in areas outside of the IMF's core expertise; the adequacy of IMF documentation of why structural conditions are justified; and the quality and usability of MONA, the IMF's database on IMF-supported programs.

I am pleased that, in her response to the update, the Managing Director shares our overall assessment of the progress that has taken place over the past decade in streamlining conditionality, as well as concurring that ongoing challenges need continued attention. It is my hope that this report will be of assistance to the IMF as it moves forward in undertaking the next Review of Conditionality due to be completed later this year and in upgrading the MONA database, and that it will also be of great interest to member country authorities and other external stakeholders.

Charles Collyns
Director, Independent Evaluation Office

CONTRIBUTORS

This report was prepared by G. Russell Kincaid, in consultation with Ruben Lamdany, leader of the 2007 evaluation, with contributions from Alisa Abrams. Annette Canizares, Arun Bhatnagar, Amy Gamulo, and Divina Marquez provided administrative assistance, and Roxana Pedraglio and Esha Ray provided editorial and production management assistance. The report was approved by Charles Collyns.

ABBREVIATIONS

CEMAC	Central African Economic and Monetary Community
DER	Data Evaluation Report
EC	European Commission
ED	Executive Director
ECB	European Central Bank
ECCU	Eastern Caribbean Currency Union
ECF	Enhanced Credit Facility
EFF	Extended Fund Facility
EPA	Ex Post Assessment
ESF-HAC	Exogenous Shocks Facility—High Access Component
EU	European Union
GRA	General Resources Account
IEO	Independent Evaluation Office
ILO	International Labour Organization
IMF	International Monetary Fund
JMAP	Joint (IMF–World Bank) Management Action Plan
LOI	Letter of Intent
LIC	low-income country
MIP	Management Implementation Plan
MEFP	Memorandum of Economic and Financial Policies
MONA	Monitoring of Fund Arrangements (Database)
OECD	Organisation for Economic Co-operation and Development
OGN	operational guidance note
ORM	Office of Risk Management
PAs	prior actions
PRGF	Poverty Reduction and Growth Facility
PRGT	Poverty Reduction and Growth Trust
PRSP	Poverty Reduction Strategy Paper
PSI	Policy Support Instrument
QPC	quantitative performance criteria
RCF	Rapid Credit Facility
RFA	Regional Financing Arrangement
RFI	Rapid Financing Instrument
RMU	Risk Management Unit
SBs	structural benchmarks
SBA	Stand-By Arrangement
SC	structural conditionality
SCF	Standby Credit Facility
SDR	Special Drawing Right
SPCs	structural performance criteria
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization

EXECUTIVE SUMMARY

The 2007 IEO evaluation found that structural conditionality was used extensively and that program documents were not sufficiently clear about linkages to program goals, notwithstanding the 2002 Conditionality Guidelines' emphasis on "parsimony" and "criticality." Moreover, the evaluation concluded that most structural conditions had little structural depth, only about half were implemented on time, and compliance was only weakly correlated with subsequent progress in structural reforms.

Following the evaluation, the IMF took several actions to address these shortcomings. In 2009, structural performance criteria (SPCs) were eliminated and replaced by review-based assessments of progress in implementation of structural conditions. The conditionality operational guidance note was revised to call for program documents to explain why each structural condition was critical and its link to program goals. Also, the IMF made public the database used to monitor IMF arrangements (MONA), and it undertook to publish annual reports on the implementation of structural conditionality.

This Evaluation Update found some progress in streamlining structural conditionality: (i) the number of structural conditions in IMF-supported programs during 2010–17 averaged 6 per completed review, about one-third less than the average number during 2003–07 (although it rose from its trough in 2011 until 2016); (ii) structural conditions were more focused in areas of IMF core expertise; and (iii) compliance rates rose modestly compared with the earlier period.

But challenges in applying structural conditionality remain salient. While borrowers appreciated the elimination of SPCs, the Update found limited evidence that this change had served to increase program ownership or reduce stigma. There have also been issues related to overlapping responsibilities and burdensome requirements in programs with members of currency unions, notably with euro area members, where there were parallel programs with the European Union. While Bank-Fund cooperation on structural conditionality has seemed to function reasonably well in practice at the country level, both staff and Executive Directors perceived a need to strengthen institutional modalities of cooperation and to make collaboration less personality driven and more substantive and systematically effective.

Progress in improving documentation and reporting has been mixed. Review of a sample of program staff reports and LOI/MEFPs issued to the Executive Board in 2017 indicates that program documents could do a better job at explaining the link between structural conditionality and achievement of program goals, a finding corroborated by interviews with Executive Directors.

In the area of monitoring, annual reports on the application of structural conditionality were suspended in 2012 as part of an IMF-wide cost saving exercise. The MONA database has significant shortcomings in its usability, accuracy, and replicability, which limit its value for tracking structural conditions. The ongoing MONA revamp project provides a vehicle to address these concerns.

The Review of Conditionality by staff, scheduled to be completed late in 2018, provides an opportunity to examine the issues raised in this Update and to delve more deeply into topics that were largely beyond its scope. Special attention could be given to the factors affecting compliance and ownership, analyzing shifts in the depth of structural measures, and assessing the broader impact of structural conditionality on policies and performance. The IEO will assess the need for a full evaluation related to program design and conditionality focusing on structural aspects after considering the findings of the 2018 Conditionality Review.

1 INTRODUCTION

This report revisits the findings and the recommendations of the 2007 IEO evaluation on *Structural Conditionality in IMF-Supported Programs* (IEO, 2007). The evaluation found that, notwithstanding the streamlining initiative launched in 2000, structural conditionality was still used extensively and program documents were not sufficiently clear about the criticality of structural conditions. Moreover, the report concluded that most structural conditions had little structural depth, only about half were implemented on time, and compliance was only weakly correlated with subsequent progress in structural reforms.

Following the evaluation, use of IMF lending surged in the context of the global financial crisis in 2008 and the euro area crisis in 2010. Use of structural conditionality in euro area crisis programs raised issues related to working with regional partners. Fund program design and implementation over this period was informed by revisions to staff guidance in 2008, 2010, and 2014, and the Review of Conditionality completed in 2012.

This Update is based on analysis of structural conditions during 2003–17, employing the MONA database; a review of documents; and interviews with IMF Executive Directors and their staff as well as IMF staff. This Update is organized as follows. Chapter 2 describes the main findings and recommendations of the 2007 evaluation and the Executive Board's views, and it summarizes the Management Implementation Plan (MIP) for Board-endorsed recommendations. Chapter 3 presents key developments since the 2007 evaluation and examines the progress in addressing the main issues identified by the evaluation. Chapter 4 concludes by summarizing the Update findings and identifying outstanding issues. In line with the terms of reference for IEO Updates, this review sought to determine whether the main findings and conclusions of the original IEO evaluation remain relevant, and to identify any outstanding or new issues that merit attention. Unlike IEO evaluations, Updates do not make recommendations and do not typically survey country authorities or other stakeholders.

2 THE 2007 IEO EVALUATION

KEY FINDINGS AND RECOMMENDATIONS

The 2007 IEO evaluation focused on structural conditionality included in IMF-supported programs approved during 1995–2004. It addressed two sets of questions. First, was the number of structural conditions reduced ("parsimony") and was their composition focused in a manner consistent with the IMF's streamlining initiative ("criticality")? Second, how well did structural conditionality work in bringing about structural reform and what program design and country conditions made structural conditionality more effective?

Its main findings were as follows:

- Regarding *parsimony*, no evidence was found that structural conditionality had been streamlined. The average number of structural conditions per program/year remained unchanged at 17 in the four years following the streamlining initiative (2001–04) compared with the preceding four-year period (1997–2000). This lack of progress was attributed, in part, to a desire by others (e.g., donors, World Bank, EU) to utilize IMF structural conditions as a monitoring tool for their own programs. Additionally, the evaluation found that some national authorities had requested specific structural conditions to help leverage their domestic policy agenda.

- Regarding *composition*, no significant changes took place between these two four-year periods in the respective shares of prior actions (PAs), structural performance criteria (SPCs), or structural benchmarks (SBs). The average number of structural conditions in PRGFs was 15 compared to 19 for SBAs, which the evaluation found surprising given that longer-term programs (aimed at addressing protracted balance of payments problems) were expected to have more extensive structural conditionality.

- With respect to *criticality*, a review of the structural conditions in a sample of 43 IMF-supported programs found that fewer than 5 percent of the 1,306 structural conditions had high structural content (i.e., structural depth).[1, 2] More than half of all such conditions had limited structural content and the remainder had little or no structural content. Average depth was only slightly higher in PRGF arrangements than in SBAs, and in areas of the IMF's core expertise than in non-core areas. Program documents were uneven in providing explanations as to why structural conditions, in either core or non-core areas of IMF expertise, were critical, and how these conditions contributed to program objectives.

[1] This sample represented nearly 20 percent of the total programs and of total structural conditions.

[2] Structural conditions were classified according to three categories of structural depth—little or no depth (conditions that would not by themselves bring meaningful economic change, such as preparation/announcement of plans); limited depth (one-off measures that might bring immediate, but not lasting, effects, such as changes to controlled prices); and high depth (measures which would bring about lasting changes, such as implementing civil service reform or privatization).

- Turning to *compliance*, only about half of SPCs/SBs were implemented on time. Moreover, only a weak link existed between compliance and subsequent structural reforms in a corresponding sector, indicating low effectiveness as a catalyst for future reforms. Both compliance and effectiveness tended to be higher in areas of the IMF's core expertise and lower in non-core areas.
- The *distribution* of structural conditions shifted significantly toward areas of the IMF's core expertise, moving away from areas largely within the core competency of the World Bank. Bank conditionality also moved away from its areas of core competency, creating a gap where critical reforms might not be addressed.

The IEO evaluation presented recommendations in six areas to tackle these findings.

(i) *Policy review*. The Executive Board should clarify what it expected in terms of numbers and focus of structural conditions, and whether and how structural conditions were to be used as a monitoring tool by others. Specifically, the Board could consider setting a notional cap on the number of structural conditions per program year.

(ii) *Program and conditionality*. The main program goals, as well as how structural conditions would contribute significantly to achieving these goals, should be clearly identified. Structural conditions should pertain to the core areas of IMF responsibility and expertise and be clearly distinguished from other elements of the authorities' policy agenda. Fewer prior actions and performance criteria should be used, while structural benchmarks should be discontinued, as should conditions with low structural content.

(iii) *Information in Board documents*. Program documentation should be more explicit about the objectives supported by the IMF and how the proposed measures would help achieve these objectives. For PRGFs, program requests should be accompanied by an operational road map covering the length of the program period elaborating reform modalities, sequencing, and expected impact.

(iv) *Cooperation with the World Bank*. The IMF should play a subsidiary role to the Bank in setting structural conditions in areas where the Bank has primary responsibility/expertise. Explicit IMF Board guidance would be needed when policy actions in non-core areas were deemed critical, but when effective cooperation with the Bank was unlikely to crystallize in time.

(v) *Monitoring and evaluation framework*. The Fund should develop a framework linking structural conditions in each program to reforms and specified goals to facilitate learning about what works and what does not. As an interim measure, staff needs to improve the MONA repository used to track conditionality and disclose these data to facilitate accountability and learning by country authorities.

(vi) *IMF outreach*. While implementation of the above recommendations would likely lessen external criticism of Fund conditionality, the IMF still needs greater outreach efforts to clarify how structural conditions were set and by whom. To be effective, this effort should be supported by the Board and member countries.

EXECUTIVE BOARD VIEWS AND THE MANAGEMENT IMPLEMENTATION PLAN (MIP)

In concluding its discussion of the 2007 IEO evaluation, most Executive Directors (EDs) expressed concern that the number of structural conditions had not declined significantly and that some conditions may have covered areas not critical to program goals (IMF, 2007). EDs broadly supported strengthened efforts to streamline application of the parsimony principle and to focus structural conditionality on critical measures. Nonetheless, a majority of the Executive Board ("Board") considered a notional cap as overly rigid and mechanistic and did not support the IEO's suggestion to eliminate structural benchmarks. Their preferred way forward was a renewed focus on parsimony and criticality, coupled with a rigorous justification for conditions in program documents. EDs agreed with the IEO that the link between program goals, strategies, and structural conditions should be better explained and monitored in staff papers to the Board. They believed that rigorous implementation of the new Joint Management Action Plan (JMAP)[3] would be key to resolving issues pertaining to Bank-Fund collaboration on structural conditionality. A number of EDs expressed support for the evaluation's call for greater Fund outreach, but others emphasized that clearer program documents should be the main vehicle for providing the rationale for conditionality and dispelling misconceptions. Explanation of program measures was deemed the responsibility primarily of national authorities. EDs did not endorse the recommendation to develop a monitoring and evaluation framework.

In May 2008, the Board approved the MIP for this evaluation (IMF, 2008a), endorsing a three-pronged strategy. First, a revised operational guidance note (OGN) on conditionality was to be prepared to highlight the importance of thorough justification of the criticality of structural conditions and to explain how to address critical areas and conditionality where IMF expertise is absent and reliance upon other institutions may not be sufficient. Second, all program documents were expected to explain the criticality of envisaged structural conditionality for achieving program goals. Third, the MONA database was to be enhanced to improve coverage of the links to program goals and made publicly available. In addition, summary statistics on structural conditionality were to be circulated annually to the Board.

[3] In September 2007, Bank and Fund managements devised the JMAP to improve various aspects of Bank-Fund collaboration. Under the JMAP, Fund and Bank country teams are supposed to meet annually to discuss country-level work programs and the division of labor, and to cooperate in developing conditionality associated with their respective lending programs.

3

POST-EVALUATION DEVELOPMENTS AND FINDINGS

At the time the evaluation was completed in late 2007, the IMF was confronted with questions regarding its continued relevance and legitimacy, particularly because of its low level of lending—with only 31 ongoing IMF-supported programs (of which 24 were financed by PRGT/concessional resources). The Fund's lending instruments were seen as providing too little financing with too many conditions and at too high a cost, as well as carrying a stigma (IMF, 2008b). However, with the onset of the global financial crisis in September 2008, demand for Fund resources surged as emerging market and low-income countries were adversely affected by the drying up of market finance, a sharp economic downturn, and a spike in global food and fuel prices.

Demand for IMF lending was further boosted by the eruption of the euro crisis in 2010. Greece and Ireland sought financial support from both the IMF and the European Commission (EC), followed by Portugal and Cyprus in 2011 and 2012, respectively. Greece entered a second set of programs with the IMF and EC in 2012. These IMF-supported programs were different from earlier crisis management cases because they involved advanced economies, access to IMF resources was exceptionally large, and they were negotiated via the Troika—the European Central Bank (ECB), EC, and IMF—involving separate commitments to regional partners. The EC imposed a long list of structural conditions, especially in Greece and Portugal. While IMF structural conditionality was somewhat more focused, the IEO found it nevertheless to be far more extensive than in other contemporaneous IMF-supported programs (IEO, 2016).

From end-2007 to end-2012, the total number of IMF-supported programs increased by half to 47 and credit outstanding increased by almost 10-fold to nearly SDR 97 billion (the bulk from GRA-financed programs).[4] By end-2017, the global recovery brought a reduction in the number of IMF-supported programs to 36, and total credit outstanding dropped to SDR 46 billion. Over this period, the share of EFFs, which generally have more structural conditions than SBAs, increased from about 10 percent of all GRA-supported programs to over 60 percent.

Against this background, this Update examines the evolution of policies and practices related to structural conditionality in the six areas identified by the 2007 evaluation: policy review; program conditionality design and implementation; information in Board documents; cooperation with partner institutions; monitoring and evaluation framework; and IMF outreach.

POLICY REVIEW

Consistent with the MIP, in July 2008, the Operational Guidance Note to IMF Staff on the 2002 Conditionality Guidelines was revised "to strengthen efforts to achieve parsimony by emphasizing criticality as well as requiring rigorous justification of conditionality"

[4] These figures exclude arrangements supported by the Flexible Credit Line because this facility does not have ex post conditionality.

(IMF, 2008c). Among the key revisions were requirements to elaborate the rationale for criticality of conditionality in program documents and to link structural conditions to program goals. Guidance was introduced to test for criticality, to distinguish between conditionality requests by donors and country authorities, and to deal with critical areas of reform in which neither the Fund, nor other multilateral institutions, could provide needed expertise. Finally, it clarified that the principles of parsimony and criticality apply uniformly to all structural conditionality. It noted that statistics on structural conditionality would be prepared annually and circulated to the Board.

In early 2009, as part of a broader reform aimed at making the IMF better equipped to help members respond to the global financial crisis, the IMF eliminated SPCs and moved to a review-based framework to assess progress in implementing structural benchmarks (IMF, 2009a, b, c).[5] Under review-based structural conditionality, a member's failure to meet a structural condition does not by itself automatically interrupt a Fund disbursement and require a Board waiver. Rather, staff's decision to recommend completion of a program review to the Board and the disbursement of financing is based on the staff's overall judgment—or "bottom-line appraisal"—as to whether the Fund-supported program is on track, rather than interrupted solely owing to deviations from specific targets/conditions. In any event, the final decision to complete a program review remains with the Board. This approach was intended to reduce the stigma associated with Fund lending, the negative consequences for national ownership of conditionality, and the need for waivers by the Board.

In September 2012, the Board concluded the 2011 Review of Conditionality (IMF, 2012a, b, c, d, e, f). EDs welcomed staff's finding that, consistent with the 2010 OGN, conditionality had been more focused and more closely aligned with program goals. They noted that the growing number and depth of structural conditions in GRA programs reflected deep-rooted structural challenges and adjustment needs, and were well-tailored to country circumstances. They agreed that the guidelines remained broadly appropriate but that implementation could be improved in several areas. They underscored the need to adhere to the macro-criticality criterion and that prior actions were not a substitute for country ownership and should continue to be applied with great care. EDs called for greater clarity on structural conditionality in program documents, particularly the adequacy of progress in structural reforms subject to review-based conditionality.

In 2014, the 2010 OGN was revised to incorporate conditionality related to jobs and growth issues, and to clarify the application of IMF conditionality in cases where financing is also provided by a Regional Financing Arrangement (RFA). Specifically, with respect to jobs and growth issues, program conditionality should be well matched to program goals, "with due regard to the likely program effects on growth, employment and—at least where relevant for growth stability—income distribution" (IMF, 2014a). For more detailed guidance, staff was directed to the separate Guidance Note on Jobs and Growth (IMF, 2013). With respect to RFAs that establish their own parallel programs, the 2014 OGN states that it is important to remove or minimize any inconsistencies in program design, while noting that IMF conditionality should not aim to parallel RFA conditionality or delegate Fund conditionality monitoring to RFAs.

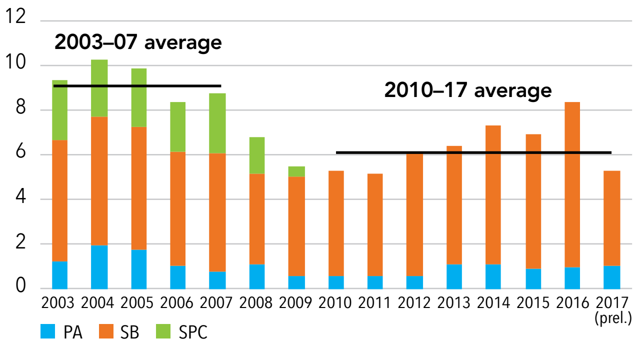
The next Conditionality Review, planned for November 2018, will examine structural conditionality within the broader framework of program design. It is anticipated that, inter alia, the Review will explore the structural depth of conditions and their effectiveness in fostering reform. This would allow a comprehensive assessment of the impact of structural conditionality, which is beyond the scope of the present Update.

PROGRAM CONDITIONALITY: DESIGN AND IMPLEMENTATION

Some progress has been made in streamlining structural conditionality since the 2007 evaluation. Based on IEO analysis of information available in the MONA database, the average number of all structural conditions per completed review across programs declined by one-third from 9.3 during

[5] The 2008 OGN was updated in January 2010 to reflect the move to review-based structural conditionality (IMF, 2010a).

FIGURE 1. AVERAGE NUMBER OF STRUCTURAL CONDITIONS PER COMPLETED REVIEW, 2003–17



Sources: MONA database (March 26, 2018); IEO calculations.
Note: PA = prior action; SB = structural benchmark; SPC = structural performance criteria. New SPCs were discontinued in 2009.

2003–07 to 6.2 during 2010–17 (Figure 1).[6,7] This decline took place notwithstanding a more challenging external environment for program countries during 2010–17 than they faced during 2003–07, which comprised the so-called "Great Moderation." In numeric terms, the decline was largely accounted for by the elimination of SPCs, which averaged 2.5 per completed review during 2003–07. The average number of SBs per completed review (5.4) was virtually unchanged between these two periods. The average number of prior actions (PAs) per completed review fell by nearly 40 percent (to less than one per completed review), suggesting that the relative use of PAs diminished somewhat with the move to review-based conditionality, even though some IMF-supported programs, such as for Greece, made extensive use of PAs.[8]

The average number of structural conditions per completed review during 2010–17 was similar for concessional PRGT-supported programs and non-concessional GRA-supported programs, about 6.1 structural conditions per completed review (Figure 2).[9,10] On the other hand, longer-term programs, both concessional (PRGFs/ECFs) and non-concessional (EFFs), had more structural conditions than other programs (e.g., SCF and SBA, respectively). This is what would be expected since the former type of programs are supposed to focus on more protracted balance of payments problems that require more extensive reliance on structural reforms compared with the latter type of programs.

The average number of conditions per completed review for all programs fluctuated from year to year. As Figure 1 shows,

[6] With the move to review-based structural conditionality in 2009, Fund staff made two major methodological changes to its reporting on structural conditionality (IMF, 2010b). One, the metric for the volume of structural conditions was changed from a "per program year" basis to a "per review" basis. Two, the organization of data on structural conditions was changed from the year that the original arrangement was approved to the year that the structural condition is assessed; according to staff, this change was intended to allow a "fresher picture" of the application of structural conditionality. Subsequently, these methodology changes were utilized by Fund staff in the 2011 Review of Conditionality (IMF, 2012a, b, c, d). Against this background, and because MONA does not provide automated search and calculation tools to prepare statistics based upon the "per program year" methodology, this Update employed the "per review" methodology. However, it should be recognized that both the "per review" and "per program year" metrics have advantages and drawbacks and they may yield different results or trends. To illustrate, the IEO scaled the yearly number of structural conditions by the number of ongoing programs per year and found that the average number of structural conditions per program per year was unchanged between 2003–07 and 2010–17, as the number of reviews completed per program per year rose on average in the latter period. The pros and cons of using various metrics to assess parsimony requires more study than permitted by this Update and might be an appropriate topic for further analysis in the next Review of Conditionality.

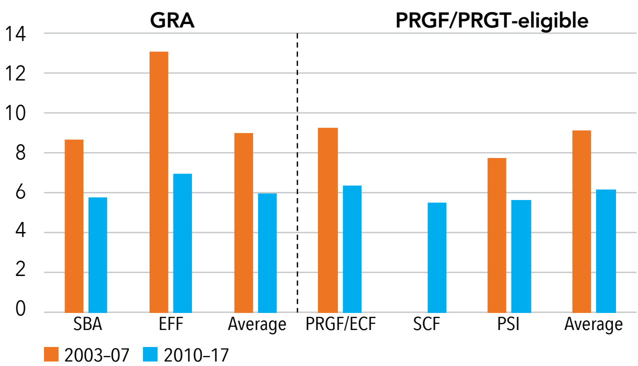
[7] This Update chose the period 2010–17 to assess the changes that took place since the 2007 evaluation because 2010 was the first full year of implementation of the review-based approach. MONA's Data Evaluation Report (DER) provides automated statistics on the number of structural conditions (SPCs, SBs, and PAs), per completed review. The DER does not count conditions or reviews associated with reviews that were not completed (therefore undercounting conditions and reviews relative to the original program schedule). Information on structural conditions associated with non-completed reviews is available in the MONA database, but it is less accessible and has no automated search features. According to the IMF website, the MONA database is updated a few weeks following a Board meeting held to approve a new program or complete a program review. In practice, however, this timeline is not always followed and data revisions may occur at any time. Appendix 1 describes MONA in more detail.

[8] The IEO did not find evidence to support the view of certain members of civil society organizations that prior actions are more numerous per review than in the past. Some observers contend that on occasion PAs go unreported (e.g., missed SBs that are ex post converted into PAs and not reported). This Update found that MONA provides explanations regarding PAs that have been adopted as a result of missed SBs in a comment field; however, the IEO has not determined the extent to which this practice is followed. A definitive estimate of such underreporting would require an in-depth review of each program, including discussions with country authorities, which is beyond the scope of this Update.

[9] PRGT-eligible figures include non-lending programs under the Policy Support Instrument (PSI).

[10] According to 2011 Review of Conditionality (IMF, 2012c), dummy variables for area departments were found not to be jointly significant in econometric equations that sought to explain the number of structural conditions for both GRA- and PRGT-supported programs. This Update did not revisit this analysis, which could be undertaken by the forthcoming Review of Conditionality.

FIGURE 2. AVERAGE NUMBER OF STRUCTURAL CONDITIONS PER COMPLETED REVIEW, BY TYPE OF FACILITY, 2003–07 AND 2010–17



Sources: MONA database (March 26, 2018); IEO calculations.
Note: GRA = General Resources Account; PRGF = Poverty Reduction and Growth Facility; PRGT = Poverty Reduction and Growth Trust. SBA = Stand-By Arrangement; EFF = Extended Fund Facility; ECF = Enhanced Credit Facility; SCF = Standby Credit Facility; PSI = Policy Support Instrument. SBA data for 2010–17 includes SBA-SCF. ECF includes PRGF, PRGF-EFF, and ECF-EFF. While the PRGF was replaced by the ECF in 2010, associated PRGF structural conditions continued through 2013.

the number of structural conditions per completed review fell to a trough in 2009–11, a period when IMF-supported programs focused on post-crisis stabilization. Subsequently, the use of structural conditionality rose to a post-evaluation high in 2016 as programs became more growth-oriented. Based upon preliminary data, the volume of structural conditionality moderated in 2017 to below the 2010–17 average.[11] This pattern can be consistently observed for both concessional and non-concessional arrangements and for stand-by and extended facilities, while the overall average has been boosted in recent years by the higher share of extended facilities.

The number of structural conditions per completed review was modestly higher in IMF-supported programs with members of currency unions during 2010–17 than in programs with other countries. Reliance on structural conditions may be expected to be higher in programs with members of currency unions that cannot rely on monetary and exchange rate policies to support adjustment. The average number of structural conditions per completed review for programs with members of currency unions during 2010–17 was 6.7, or just under one condition more (5.8) than for other IMF-supported programs (Figure 3).[12] The average number of structural conditions per completed review differed somewhat across programs with currency union members (5.9 for CEMAC, 6.2 for euro area members, 6.9 for WAEMU, and 7.2 for ECCU). But the extent of conditionality varied widely across individual programs. For example, while the first two IMF-supported programs with Greece had an average of 11 structural conditions per completed review, the other euro area programs (i.e., Cyprus, Ireland, and Portugal) averaged only about 5 structural conditions per completed review. The high number of structural conditions per completed review for Greece was fully accounted for by PAs, which averaged over 6 per completed review. Even excluding PAs associated with previously missed SBs, the average number of PAs per completed review for Greece was close to 4.

The 2007 evaluation found that structural conditions had increasingly focused on the economic sectors in areas of IMF core expertise that were central to the IMF mandate. Table 1 shows that this trend continued during the 2010–17 period as the sectoral distribution of SBs became even more concentrated. During this period, SBs set in three sectors of core IMF expertise and responsibility (i.e., general government, central banking, and exchange systems) accounted for 66 percent of all SBs, while the financial sector accounted for another 16 percent.[13] The decline in structural conditionality in areas of shared and non-core expertise during 2010–17 occurred notwithstanding the broadening of the Fund's work since 2014 on job creation, income inequality, and gender, which are all shared policy areas.[14]

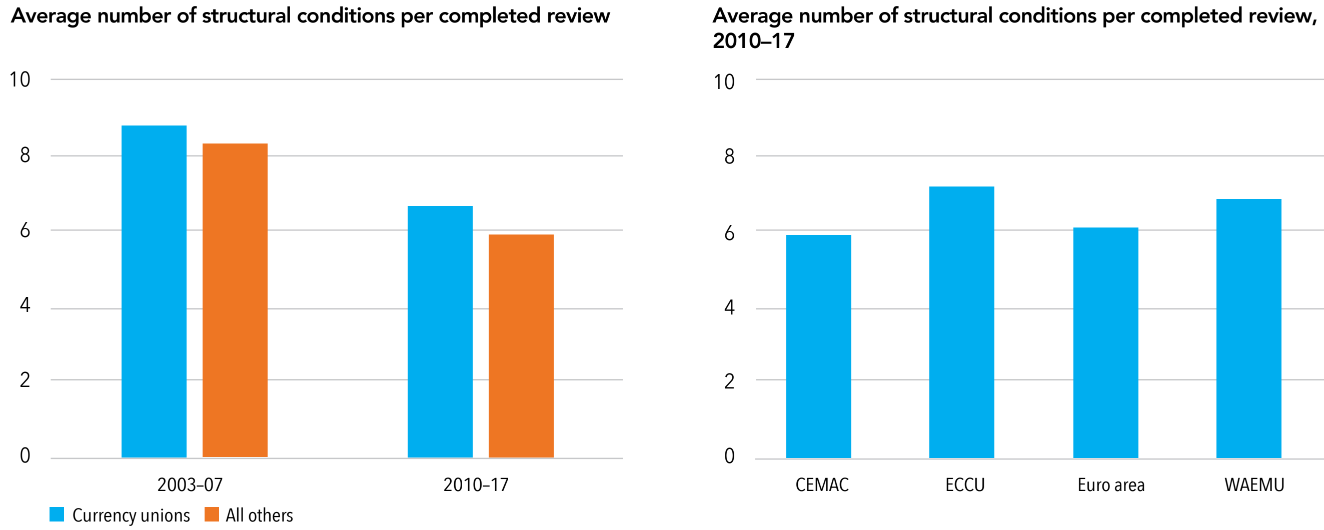
[11] Measuring parsimony based on averages masks the considerable variation in the application of structural conditionality across programs. For example, over 2014–16, the average number of structural conditions (PAs and SBs) per completed review for the Tunisia SBA, Ukraine EFF, and Burkina Faso ECF each exceeded 14, while for other programs it was much less than the overall average of 6 structural conditions.

[12] These findings are consistent with those reported in Box 4 of Program Design in Currency Unions (IMF, 2017b).

[13] Responsibility and expertise related to structural conditionality in several economic sectors and policy areas is shared with the World Bank and other organizations, such as the ILO and the OECD. These areas include civil service reform, non-public sector labor market policy, pensions and other social sector policies, and public enterprise reform and pricing. While financial sector issues in advanced economies are considered an IMF core area, financial sector issues in emerging market economies and low-income countries are considered a shared responsibility with the World Bank.

[14] The MONA database does not allow automated queries on the volume or implementation of structural conditions focused on job creation, income inequality, and gender, as these issues are not assigned descriptors. An IEO review of data covering 2015–17 suggests that structural conditions in these policy areas were very limited. A more comprehensive and thorough analysis would benefit from an updating of the IMF's economic sector and institutional classifications.

FIGURE 3. STRUCTURAL CONDITIONALITY IN IMF-SUPPORTED PROGRAMS FOR MEMBERS OF CURRENCY UNIONS



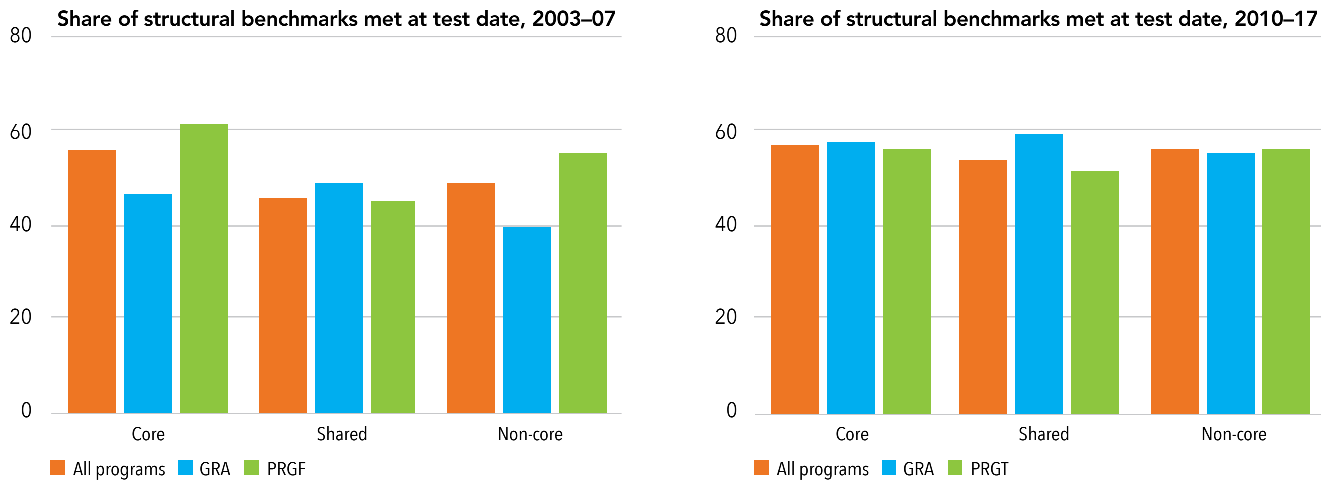
Sources: MONA database (March 26, 2018); IEO calculations.
Note: CEMAC = Central African Economic and Monetary Community; ECCU = Eastern Caribbean Currency Union; WAEMU = West African Economic and Monetary Union.

TABLE 1. DISTRIBUTION OF STRUCTURAL BENCHMARKS, 2003–07 AND 2010–17, BY SHARE
(In percent)

INSTITUTIONAL CLASSIFICATION	ECONOMIC SECTOR	2003–07	2010–17
Core	General government, excluding trade policy*	45.9	57.7
	Central bank	5.9	7.1
	Exchange systems/restrictions	0.7	0.8
Shared	Financial sector**	19.8	16.3
	Civil service, public employment/wages	5.0	2.5
	Pension and other social sector	3.4	2.3
	Public enterprise/pricing (non-financial)	9.5	8.0
Non-core	Labor markets, excluding public sector	0.6	0.4
	International trade policy	0.9	0.2
	Economic statistics, excluding fiscal/central bank transparency	1.6	1.3
	Other structural measures*	6.7	3.5

Sources: MONA database (March 26, 2018); IEO calculations.
Note: * = Select sub-classifications are shared. ** = The financial sector is core for advanced economies and is shared for emerging market economies and low-income countries. Based on SPR, "Guide to Classification of Structural Conditionality" (2009) and "Institutional Classification of Structural Conditionality" (2011).

FIGURE 4. STRUCTURAL BENCHMARK COMPLIANCE, BY TYPE OF IMF EXPERTISE



Sources: MONA database (March 26, 2018); IEO calculations.
Note: GRA = General Resources Account; PRGF = Poverty Reduction and Growth Facility; PRGT = Poverty Reduction and Growth Trust.

Turning to compliance,[15] the rate of implementation for structural conditions increased modestly to 57 percent during 2010–17, up from 52 percent during 2003–07.[16] This Update found that the elimination of SPCs had no direct impact on compliance rates during 2010–17 as the compliance rates for SPCs and SBs during 2003–07 were the same. Compliance for SBs rose somewhat (from an average 52 percent during 2003–07 to 57 percent during 2010–17). In any case, on-time compliance became less consequential than it had been before 2010, when even minor delays in meeting SPCs required Board-approved waivers and might delay the completion of reviews and corresponding purchases/disbursements.[17] Compliance rates during 2010–17 were broadly the same for GRA- and PRGT-supported programs (59 percent and 56 percent, respectively), as well as across categories of core (58 percent), shared (55 percent), and non-core expertise (57 percent) (Figure 4). On the other hand, there was significant variation in compliance rates across economic sectors both during 2003–07 and 2010–17 (Figure 5).

This Update did not revisit findings related to structural depth or effectiveness, features not covered in the MONA database.[18] Regarding the depth of structural conditions, the 2011 Review of Conditionality found that structural depth had increased during the 2006–10 period for both GRA- and PRGT/PSI-supported programs. According to staff analysis, this increase was accounted for by a higher share of SBs with high structural depth and fewer SBs with limited depth. However, the share of SBs with low depth remained unchanged at almost half. The 2007 IEO evaluation argued that conditions with low or limited structural depth were unlikely to be critical to achieve program goals. Using this argument, the continued high share of structural conditions with low depth would suggest that there was still room for greater parsimony.

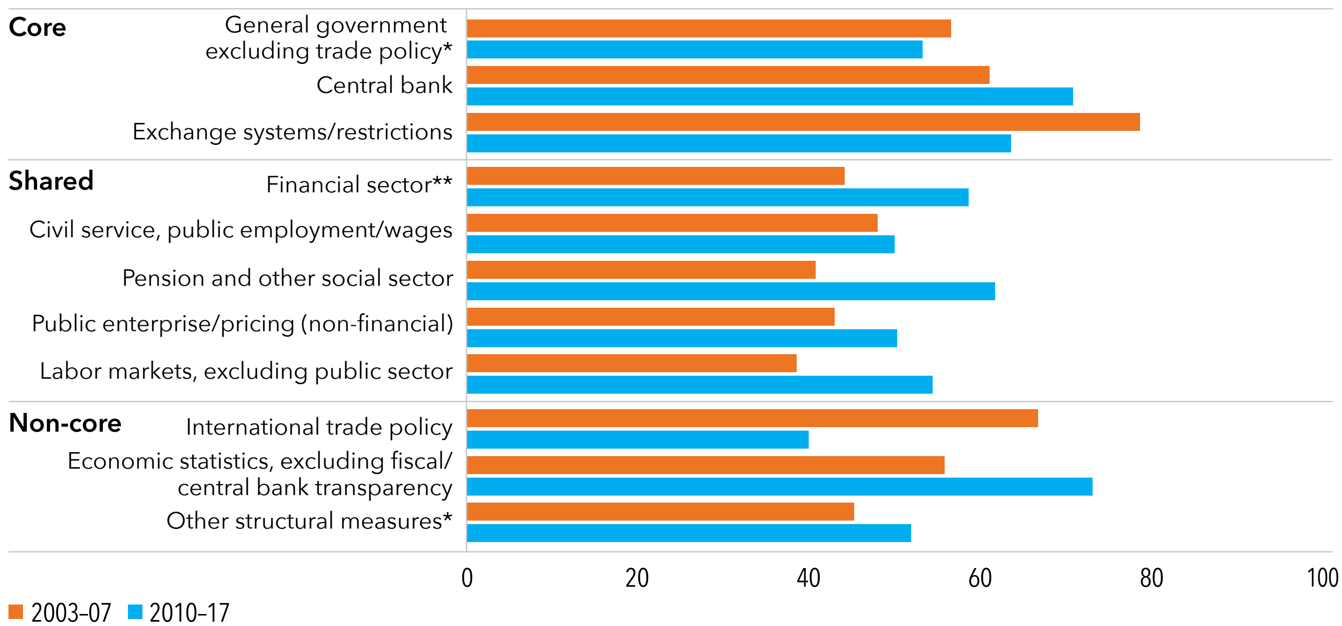
[15] Consistent with the 2007 IEO evaluation, this Update measures compliance by utilizing MONA's DER classification of structural conditions that were "met." The DER has five other classifications, including "met with delay," "partially met," "delayed," "cancelled," and "not met."

[16] While the MONA database contains information on individual structural conditions and arrangements that were cancelled, the DER's compliance calculations exclude structural conditions for programs that were not completed. These exclusions are likely to yield an upward bias in calculated compliance rates but are unlikely to affect the calculated trend or changes from period to period.

[17] According to staff analysis (IMF, 2017a), about two-thirds of all reviews were completed with a maximum delay of three months for recent GRA-, PRGT-, and PSI-supported programs.

[18] The MONA database does not record the depth of structural conditions. Therefore, assessing changes in structural depth of conditions since the 2007 evaluation would have required a detailed examination of programs that was beyond the scope of this Update.

FIGURE 5. STRUCTURAL BENCHMARK COMPLIANCE, 2003–07 AND 2010–17
(SBs met at test date, average per completed review, share in percent)



Sources: MONA database (March 26, 2018); IEO calculations. SPR, "Guide to Classification of Structural Conditionality" (2009) and "Institutional Classification of Structural Conditionality" (2011).
Note: * = Select sub-classifications are shared. ** = The financial sector is core for advanced economies and is shared for emerging market economies and low-income countries.

In IEO interviews with Executive Directors and their staff, structural conditionality was generally viewed as having become more streamlined and focused since the 2007 evaluation. However, interviewees had differing views on whether structural conditionality had been limited adequately to critical measures.

- About one-third of the EDs believed that structural conditions were generally well focused on critical measures, and that these conditions were warranted even if their benefits materialized only after the program period. They observed that often when structural conditionality went beyond what was critical for a program, it was donor-driven or sought by country authorities as a tool to forge domestic political consensus.[19]

- The remaining two-thirds of EDs believed that structural conditionality could be more tightly focused on macro-critical measures. They characterized structural measures as seemingly "nice to have" or "good for the economy" in contrast to what they believed should be more appropriate "must have" or "vital" actions. Indeed, the OGN states "in particular, staff must avoid setting conditions on measures that may be desirable, but that are not critical." Some EDs attributed what they characterized as "mission creep" in program goals to encouraging the use of structural conditionality. Several EDs expressed concern that the number of structural conditions and pace of structural reforms frequently overwhelmed country authorities, particularly in fragile states.

[19] In IEO interviews conducted for this Update, many Executive Directors commented that some structural measures may not be individually critical for achieving program goals (e.g., commission study, submit proposal to cabinet, introduce draft legislation to parliament), but were stepping stones in a process that sought to achieve a critical reform. The OGN provides that SBs can be set on measures that in their own right are critical, "or because they represent key components of broader reform measures that is judged to be critical…."

Notwithstanding broad, albeit not universal, support for review-based conditionality, most EDs interviewed for this Update did not think that ownership had been significantly enhanced or that stigma had been reduced by the switch from SPCs to SBs. A majority of EDs (particularly those representing borrowing countries) indicated that their country authorities preferred not having to ask the Board for a formal waiver for a missed SPC, which diminished the associated perceived domestic political embarrassment/cost and also reduced political leverage by vested interests and the opposition, especially when parliamentary action was required to comply with the structural condition.[20] Nevertheless, these EDs did not think that an increase in country ownership had occurred as a result of the elimination of SPCs; rather, they expressed the view that negotiations on SBs were not so different than had been the practice for SPCs and that the public was not familiar with the changes in the conditionality framework. There was broad sentiment among EDs that the stigma surrounding structural conditionality remained, while several Directors, mainly those representing non-borrowing countries, observed that some stigma was "unavoidable" and "not the proper yardstick" to calibrate conditionality.

INFORMATION IN BOARD DOCUMENTS

As noted above, the MIP and the ensuing 2008 OGN required that program staff reports clearly describe the links between program goals and structural conditions. A judgment that a condition is of critical importance for achieving program goals was deemed to be a central element of such a description. More detailed explanation was required for conditions outside the Fund's core areas of expertise.

This Update examined the clarity of program documents (including the LOI/MEPF) with respect to structural conditionality for a sample of program documents for 12 countries issued to the Board during January–July 2017. This analysis was similar to the one conducted by the 2011 Review of Conditionality for a sample of 18 IMF-supported programs initiated in the period 2002–11 (IMF, 2012d). Both analyses found that documents for program requests and reviews could do a better job in providing a "rigorous justification of conditionality." Program documents typically provided a "macroeconomic rationale" for structural conditionality in a table; but in general, these reports did not motivate structural conditionality with an explanation of their linkage to program goals and strategies as specified by the guidance note. In addition, the justification for most shared and non-core structural measures was limited and not different from other measures in that there was little reference to the contribution and coordination with partner institutions.

These concerns were corroborated by interviews with Executive Directors. Only a handful of the EDs interviewed for this Update were satisfied with how program documents justified the criticality of structural conditions and explained the linkage between structural measures and program goals/objectives. The vast majority of EDs believed that, on this topic, program documents were "too succinct," employed a "cut-and-paste" approach, and too often relied on "single word" explanations in tables. Some of these EDs wondered whether word count limits were partly responsible for this brevity. EDs generally viewed justifications for structural conditions outside the areas of IMF core expertise as lacking and a number noted that for these areas they would rather see efficiencies elsewhere in the report to accommodate fuller explanation of linkages between conditionality and criticality. Several EDs observed an apparent inconsistency in the application of conditionality over the duration of a program: upon approval, a structural measure was deemed critical, but later if implementation was delayed, staff still recommended completion of a program review. These EDs opined that a more detailed explanation of the role of these benchmarks in program documents might clarify this seeming inconsistency.

Particular concerns were expressed by EDs about program documents for euro area countries. It was their general view that these documents had not explained how IMF structural conditionality was coordinated with EU structural conditionality; several Directors worried about overburdening the authorities' implementation capacity. They also found program documents not to be clear about the role of the lead agency in various policy areas, where there may be overlapping or shared responsibilities between the IMF and a partner institution.

[20] Three-quarters of country authority respondents to a 2012 IMF survey believed that stigma had been reduced by the elimination of SPCs and the move to review-based conditionality (IMF, 2012c). In contrast, this view was shared by less than 30 percent of Fund mission chief and resident representative respondents.

COOPERATION WITH PARTNER ORGANIZATIONS

The 2008 OGN clarified that the IMF should set structural conditions that are deemed critical to meet program goals even if they are outside the Fund's core expertise. In these cases, however, staff should seek expert advice from partner organizations, and staff reports should indicate which organization would provide the expert advice needed to design the conditionality. Moreover, if expert advice is not available or is judged inadequate, staff must weigh the risks arising from going ahead without conditionality covering certain critical issues or from setting conditions without sufficient expertise against the risk of not supporting the authorities' program. In any case and according to the OGN, program staff reports should transparently lay out these risks and the basis for the decision to go forward with an IMF-supported program. More generally, program staff reports should discuss collaboration with other multilateral institutions in the design of the program and the delineation of monitoring responsibilities.

In practice, the IMF's two most important partner institutions on structural conditionality over the past ten years have been, first, the long-time close partner, the World Bank and, second, the EC, a key regional partner for programs with euro area members and programs with other EU member states. Both partnerships have faced a number of challenges.

Cooperation with the World Bank

Bank-Fund cooperation is guided by the Bank-Fund Concordat supplemented in 2008 by the Joint Management Action Plan (JMAP).[21] The 2010 review of JMAP implementation (IMF–World Bank, 2010) found that the JMAP had played a supporting, rather than central, role in enhancing Bank-Fund collaboration. At that time, the Board agreed that the Bank and Fund "must collaborate closely to ensure coherent assistance, policy advice, and public messages with each institution guiding the other in its core areas of expertise.[22]

Per the JMAP, the two staffs are supposed to identify the lead institution in areas of shared responsibility and expertise to establish clear communication lines with the country authorities and to avoid duplicative work across institutions. Such interactions would also avoid gaps in the structural reform agenda. As the lead institution can change from country to country, from structural area to structural area, and from time to time, it is important to have a readily accessible, transparent record available to the Board, staff, donors, civil society, and other stakeholders. An examination of the MONA database for this Update found that for areas of shared expertise, the field on lead institution for structural conditions was rarely populated.[23] This information was also not found in the sample of program documents reviewed for this Update.

Cooperation with the World Bank on designing and setting structural conditionality for low-income countries has been complicated by a series of institutional changes. Until 2014, conditionality for PRGT-supported programs was to key off a country-driven national development plan, the Poverty Reduction Strategy Paper (PRSP). In mid-2014, the World Bank delinked its concessional financing from the PRSP process and eliminated the associated documentation requirement including the submission of a Joint (Bank-Fund) Staff Advisory Note (JSAN) to the Bank Board (IEO, 2014). In mid-2015, the IMF Board approved a conforming streamlining policy that requires the Fund staff to assess a member country's poverty reduction strategy and to request an assessment of the country's poverty reduction strategy from Bank staff to identify strengths/weaknesses, areas for priority action, and implementation risks (IMF, 2015b).

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[21] In March 1989, the President of the World Bank and the IMF Managing Director circulated a joint memorandum—the "Concordat"—to their Boards that provided guidelines for collaboration between the two institutions including defining areas of primary responsibility to reduce the risk of conflicting policy advice and duplication of efforts (IMF, 1989).

[22] While a JMAP review was anticipated for 2012, no review has taken place since 2010. The most recent JMAP guidance to IMF staff is an April 2010 memorandum from the First Deputy Managing Director to department heads and a list of countries where both the Fund and the Bank were active, updated in October 2016. In April 2015, as part of a cost saving exercise in a flat real budget environment, the Board approved lengthening the periodicity for many policy reviews to five years or on an as needed basis. Six to 12 months prior to a scheduled review, staff is supposed to assess whether a review is warranted or not and bring a recommendation on the timing of the corresponding review to the attention of the Board (IMF, 2015a). This process was intended to provide a vehicle for EDs to react to staff's assessments and proposed timing of reviews; it has not, however, been followed with regard to a review of the JMAP.

[23] The template for the MONA Revamp Pilot Project also marked this field as optional.

In practice, it is not clear how far the concerns raised in the 2007 evaluation about the application of structural conditionality with partner institutions, particularly in shared and non-core areas that are critical, have been addressed, notwithstanding guidance to staff in the 2014 OGN.[24] The 2017 IEO evaluation on *The IMF and Social Protection* generally found that the IMF and the World Bank had an effective division of labor and good cooperation on social protection issues in both middle- and low-income countries (IEO, 2017). The IMF generally relied on the Bank for social protection program design and implementation and used SBs where needed to help keep implementation on track.[25]

More broadly, staff interviewed for this Update observed that the quality of Bank-Fund collaboration was quite variable, depending upon the personalities of the staff involved from each institution as well as the size and shape of Bank operations in a specific country. They reported that staffs of the two institutions often did not adequately appreciate the constraints posed by the other institution's separate mandates and responsibilities. There was a perception that some JMAP requirements were fulfilled more in form than substance—a "box-ticking" exercise—and that the lead agency concept did not function as intended.

Executive Directors interviewed for this Update did not think that program documents were clear enough as to the contributions made to IMF program conditionality by the World Bank and regional development banks in areas of shared competency and believed that they were even less clear in non-core areas. For example, the Bank-Fund relations table was viewed as typically not informative regarding structural conditionality set by the Bank and its implications for IMF-supported programs. Many EDs opined that the lead agency concept did not seem to work as a matter of institutional practice but instead seemed to "vary from IMF mission chief to IMF mission chief." Some EDs reported that their offices utilized their counterpart offices at the World Bank to seek clarifications on Bank-Fund collaboration issues.

Cooperation with regional partners

Since the 2007 IEO evaluation, the IMF has worked closely with the EU to support programs with EU members that had extensive structural conditionality, mostly as part of a EU loan. In total, there were IMF-supported programs with eight EU members during 2008–17, of which four were also euro members. These IMF-supported programs accounted for the bulk of GRA lending since the 2007 evaluation.

Application of structural conditionality in these IMF-supported programs has been challenging. The last Conditionality Review found that EU structural conditionality was extensive and intrusive and over time became "increasingly at odds with the [IMF's] principle of parsimony" (IMF, 2012c). Moreover, the Fund and EC have increasingly ventured into areas of structural reforms initially assigned to the other institution (IMF, 2012c). In addition, the multiplicity of structural measures was seen to have imposed a considerable implementation burden on national authorities, proving to be counterproductive. IMF-supported programs with members in other currency unions (i.e., CEMAC, ECCU, and WAEMU) did not encounter these issues because, in part, their IMF-supported programs were not accompanied by balance of payments loans with structural conditionality from their respective union-level institutions (Tan, 2016; IMF 2017b).

Responding to these challenges, the 2014 OGN explicitly extended the collaboration requirements that apply to multilateral institutions (notably the World Bank) to other institutions, including RFAs. In addition, it sought to underscore the independence of IMF conditionality, drawing upon principles in the Bank-Fund Concordat. It reiterated that the use of Fund resources cannot be directly subject to the rules or decisions of other organizations (i.e., no cross-conditionality) and that the Fund cannot delegate its responsibility in assessing whether Fund conditions have been met. The 2014 OGN also observed that delays in disbursements by other institutions could

[24] "For noncore but critical measures, the Fund will, to the extent possible, draw on the advice of other multilateral institutions, particularly the World Bank, or bilateral donors that can provide expertise. When the expertise in a critical area of reform is not available within the Fund, or other multilateral institutions and bilateral donors, the authorities need to obtain the required expert input from others with the necessary expertise" (IMF, 2014a).

[25] Nevertheless, measures to mitigate the adverse impact of IMF-supported programs on vulnerable groups met with mixed success. Consequently, the IEO recommended (and the Board endorsed) that the IMF should consider how program design and conditionality could be more effectively applied to mitigate the impact of adjustment on vulnerable groups. The subsequent Board-endorsed MIP undertook that a framework to address these concerns would be developed drawing on, inter alia, the 2018 Review of Conditionality and the Design of Fund-Supported Programs (IMF, 2018a).

effectively keep the IMF from allowing use of Fund resources owing to inadequate program financing.

The 2016 IEO evaluation of euro area crisis programs highlighted overlapping responsibilities in structural areas between the IMF and EU institutions as distinctly problematic in the context of euro area programs. As documented in IEO (2016), there was no clear demarcation of responsibilities between the IMF and its EU partners regarding structural and other policies. Their areas of competency overlapped considerably, making coordination more complicated and leading to duplication of staff assignments and large numbers of people on Troika teams. Complicating matters further going forward, responsibility for some structural policies (notably financial sector regulation and supervision) would lie with EU-level institutions, while other structural policies would be controlled at the national level (IMF, 2015c; Kincaid, 2016; IMF, 2017b). Finally, while IMF and EU programs were legally distinct with separate structural conditionality, the IEO found that national authority interviewees perceived IMF and EU programs for euro area members as a single program and that the general public may have had similar perceptions (IEO, 2016).

To help craft a stronger and more structured basis for future collaboration with RFAs including with respect to program design and monitoring, the IMF has established a set of principles for engagement with RFAs in line with a Board-endorsed recommendation arising from the 2016 IEO evaluation.[26] Specifically, in July 2017 the Board discussed modalities for joint lending operations with RFAs. Drawing upon experience and the G20 endorsed principles for engagement with RFAs, Fund staff put forward six general operational guidelines allowing for various collaboration modalities with different RFAs, such as the "lead agency" model to tackle, inter alia, overlapping expertise/responsibilities, and suggested approaches for resolving differences of view and treatment of confidential information (IMF, 2017c). The Board endorsed the six operational principles, agreeing that different modalities were necessary given the diversity and heterogeneity of RFAs. They stressed that in the context of a lending arrangement, each institution should comply with its own governance structure and that the Fund needed to preserve its high-quality lending standards and the independence of its assessments. Staff is now discussing with the various RFAs how these principles should be applied in practice including by learning from joint test-runs.

In addition, in line with another Board-endorsed recommendation arising from the 2016 IEO evaluation, the IMF has developed guidelines for designing IMF programs with members of currency unions. Fund staff outlined two options to the Board as how to operationalize the Fund's mandate to seek policy assurances from union-level institutions, when needed to meet program goals (IMF, 2015c and 2017b). In concluding their discussion on these proposals (IMF, 2018b), Directors agreed that assurances with respect to actions by union-level institutions would be sought when the member's adjustment policies alone could not meet the program's objectives. They also agreed that policy assurances need to be clear, specific, monitorable, and—where necessary—timebound. To make the use of Fund resources conditional on a policy action by a union-level institution, Directors concluded that the measure (like in the case for the member itself) must be deemed critical to program success, while recognizing that criticality is a judgment call. Directors expected that the staff report for the member's IMF-supported program would provide a clear explanation as to why the union-level assurance is critical for program success and why the resolution of the member's balance of payments need cannot be achieved solely with domestic policies.

MONITORING AND EVALUATION FRAMEWORK

While the IMF Board did not endorse the 2007 evaluation recommendation to develop a framework that would link structural conditions to specific program goals to facilitate learning, it did endorse adding program goals to the MONA database and annual monitoring reports. As already noted, these actions were implemented in 2008 along with making the MONA database publicly available.

In preparing this Update, the IEO faced issues pertaining to the scope, robustness, and replicability of the MONA

[26] The 2016 IEO evaluation recommended that the Board establish guidelines for structured engagements, including for cooperation with RFAs such as the European Stability Mechanism, to address, inter alia, issues related to avoidance of cross conditionality, treatment of confidential information, overlapping expertise/responsibilities, and handling differences of view.

database that have also been noted by others. Specifically, some observers have commented that the database is incomplete, not user-friendly, and not fully reliable, even though it is heavily used.[27, 28] In 2015, the Risk Management Unit (RMU), subsequently renamed the Office of Risk Management (ORM), called for a revamp of the MONA database to adapt it to new program realities and ensure accuracy and consistency in the reported conditionality and macroeconomic assumptions data (IMF, 2015d). In 2016, the Strategy, Policy, and Review Department initiated a MONA revamp pilot project in collaboration with Information Technology Department and ORM staff to implement a variety of improvements to MONA. The first phase, which was completed in April 2017, focused on the MONA data submission process from country teams. Discussion on the second phase has commenced; this phase reportedly seeks to automate submissions from country teams, create enhanced analytical reports, prepare user manuals, and improve the usability of MONA data by updating information on the website.

In keeping with the MIP for the 2007 evaluation, annual monitoring of structural conditionality took place in 2008 and 2009 in the form of reports issued to the Board for information and then published (IMF, 2008d and 2010b). These brief (14 page) reports, which largely comprised tables and charts, provided analysis on trends in the number and type of structural conditions, by IMF institutional and economic sector classifications, and on implementation/compliance rates. For the years 2010 and 2011, the annual report was subsumed in the 2011 Review of Conditionality. The Review also indicated that going forward a short, more analytical annual report on program design and conditionality would be prepared and made public. However, such reports were never prepared, owing to resource constraints (IMF, 2014b).

With regard to the evaluation of the effectiveness of conditionality in IMF-supported programs, the 2011 Review of Conditionality undertook an extensive examination of structural, as well as other forms of, conditionality. It examined the depth of structural conditionality, tailoring of structural conditionality to country circumstances, country ownership, and determinants of structural conditions. Among the key findings were: IMF-supported programs with countries that had more capacity had more structural conditions per review and those conditions had greater structural depth; the probability of a prior action for a program review was positively related to missed SBs in a previous review; and the degree of structural depth was inversely correlated with the number of structural conditions. The 2011 Review promised to make its dataset publicly available to nurture a well-informed public and academic discussion, but this has not taken place.

In 2015, the Crisis Program Review assessed experience with IMF-supported programs for 27 countries with GRA arrangements with two or more years of program performance (IMF, 2015c). It reported on the number of SBs and PAs, as well as on structural conditionality by type of exchange regime and by economic and institutional classification. Implementation rates for SBs and PAs were also reported, although (again) the database developed for this analysis has not been made publicly available. The 2015 Review also observed that program documents were not explicit about the impact of structural conditionality on growth (or other program objectives), requiring indirect evidence to assess reform payoffs assumed in programs. Staff assessed the growth payoffs as modest and less than programs may have envisaged, suggesting a need for more prudent program design. They opined that an analytical framework for assessing the prospective payoffs from structural reforms could also help inform expectations.

Since 2015, annual risk reports prepared by ORM have provided the Board with data and some analysis on structural conditionality for both GRA- and PRGT-supported programs. This information, which is not made

[27] IEO (2002) found "substantial errors and gaps in the [MONA] database" and recommended that "the MONA database should be made more comprehensive, accurate and up to date." Takagi and others (2014) observed that the number of structural conditions in SBA-supported programs approved during 2008–11 obtained from program documents was somewhat greater than the number reported in the IMF's MONA database. More recently, Kentikelenis, Stubbs, and King (2016), citing MONA criticisms, developed their own database of conditions fully referenced to its source document in an attempt to enhance transparency and enable replication. This Update has not tested the consistency of the MONA database with source Fund documents or the reliability of calculations performed by the MONA's Data Evaluation Report. Such tests could be undertaken by the Office of Internal Audit.

[28] According to information provided by staff, the MONA website received nearly 3,500 external hits at an annual rate during January 2016–June 2017.

publicly available, was presented to help the Board assess IMF lending risks.

Executive Directors interviewed for this Update generally expressed a desire for regular, timely reporting on trends in structural conditionality, although about one-quarter expressed concerns about possible resource implications. IEO interviews revealed that all but two of the EDs were unaware of MONA prior to receiving the questionnaire for this Update. Some EDs and staff subsequently visited the MONA website, and they along with those already familiar were almost unanimously of the view that MONA was not user friendly and that the value of this database for use by their office, authorities, or the public was limited. Numerous suggestions were made by EDs and their staffs for improving MONA: creating a users' manual or tutorial; providing more complete definitions and labels; explaining standard search procedures; and enhancing functionality, templates, and analytics to permit interactive queries and customizable, downloadable graphics. Many believed that suitably automated analytical MONA reports that could be produced by staff or EDs' offices could provide a very helpful interim source of reliable information and inputs for decision-making between scheduled conditionality reviews.

IMF OUTREACH

The 2007 evaluation concluded that civil society's misunderstandings about how structural conditions were set contributed to authorities' reluctance to seek IMF financial assistance in a timely manner and to civil society criticism of the IMF. It recommended greater emphasis on outreach, involving the Board and country authorities. Directors, however, deemed that clearer explanations in program documents would suffice to address these problems and that explaining the program was primarily the responsibility of authorities.

Much has changed over the past decade in terms of IMF outreach. But challenges remain associated with clarifying how and why structural conditions are set and mitigating the "stigma" of seeking IMF program support. First, program documents have not in practice achieved their desired clarity in explaining structural conditionality and therefore have not served well as the main vehicle to dispel misunderstandings as was envisioned by EDs. Second, civil society, and in some cases even the authorities, remain concerned about how structural conditions are applied, whether the current review-based framework reduces stigma and fosters ownership, and in particular how SBs can be much less intrusive in policy implementation than was the case with SPCs. Third, the difference between structural conditions set in a IMF-supported program and those conditions set in a parallel lending program by partners needs to be better explained (IEO, 2016).

4

CHALLENGES GOING FORWARD

The IMF has significantly revamped its policies on structural conditionality over the past decade. Structural performance criteria were eliminated in 2009 and were replaced by review-based conditionality employing structural benchmarks. This change was intended to ease strains on the authorities' implementation capacity, reduce stigma, and enhance program ownership. Revised operational guidance notes on conditionality emphasized the need for IMF structural conditionality to be parsimonious and focused on measures critical for program success; they also sought greater clarity in program documents by requiring clear linkages between program objectives/goals and structural measures/conditions.

Notwithstanding a more challenging external environment, this Update found some progress since the 2007 evaluation in streamlining the volume of structural conditions in IMF-supported programs and in focusing their use in areas of IMF expertise.

- Application of structural conditionality has on average been less extensive than during the 2007 evaluation period. The average number of structural benchmarks/structural performance criteria and prior actions per completed review both declined markedly over 2010–17 compared with 2003–07. These findings hold for both GRA and PRGT arrangements and for the use of stand-by and extended facilities.

- As was the case in the past, there was considerable variation during 2010–17 in the number of structural conditions per completed review across programs and by year. The average number of structural conditions per completed review fell to a trough in 2011 before rising to a post-evaluation peak in 2016. Based on preliminary data, the average number of structural conditions per completed review seems to have subsided in 2017.

- Structural conditions became more focused on areas of the IMF's core expertise, notwithstanding a broader trend at the IMF towards paying greater attention to potentially critical reforms in shared and non-core areas of expertise.

- There was a modest increase in overall compliance notwithstanding the elimination of structural performance criteria and the shift to review-based conditionality.

Against this background, there was broad, albeit not universal, support for the shift to review-based conditionality. EDs interviewed for this Update reported that their country authorities appreciated the switch to structural benchmarks and not having to ask the Board for a formal waiver for missed or delayed structural performance criteria.

Nonetheless, the application of structural conditionality in IMF-supported programs continues to face a number of challenges.

Stigma and lack of ownership. Interviews with EDs indicated that authorities' implementation capacity and/or country ownership has remained strained. EDs reported that country authorities' perception was that negotiation practices for structural benchmarks are not very different from those that were in place for structural performance criteria and that the distinction between these two modes of conditionality was not generally recognized, implying that country ownership may not have been enhanced by this change.

Cooperation with the World Bank. Since the 2007 evaluation, both the IMF and World Bank have made fundamental changes to their policies and practices for engagement with low-income countries. The IMF has moved into "emerging macro-critical issues" areas that are outside its traditional ambit and where the World Bank has considerable expertise especially related to developing and emerging market economies. While collaboration seems to function reasonably well in practice at the country level, both EDs and staff perceive a need to strengthen institutional modalities of cooperation with the World Bank and make collaboration less personality driven and more substantive and systematically effective. A review of the JMAP framework (not undertaken since 2010) could be an appropriate vehicle to assess how to enhance collaboration.

Working with RFAs. Application of IMF structural conditionality proved particularly challenging in programs with euro area members, especially Greece. Significant progress has been made in developing principles for cooperation with RFAs when an IMF-supported program is partly financed by an RFA, and it will be important to follow through with ongoing work by staff to develop specific modalities with each RFA, including the application of structural conditionality in lending operations. In February 2018, the Board established general guidance on design of Fund-supported programs with members of currency unions.

Quality of program documents. There has been little progress in explaining the criticality of structural conditions and in linking them to program goals in program staff reports. Staff reports could do a better job at describing how the IMF has worked with partners in designing structural conditionality in areas where the IMF has insufficient expertise and in areas of shared responsibility. Recently, in the context of IMF-supported programs with members of currency unions, EDs have emphasized the need for clear explanations in staff reports.

Quality and usability of MONA. It is widely recognized that the MONA database is not fully accurate or consistent, is not user friendly, and is limited in scope. The ongoing MONA revamp presents an opportunity to address these issues and establish MONA as a tool for continuous learning both inside and outside the IMF. Such a tool would allow timely monitoring of aggregate trends in structural conditionality by the Board and would expand learning opportunities for IMF staff and country officials. It would also make it possible to automatically produce a useful dashboard report that could be studied by internal and external stakeholders, especially between conditionality reviews.

Frequency of evaluation. Monitoring and evaluation of trends in structural conditionality by IMF staff does not take place in real time, be it monthly, quarterly, or annually. Self-evaluation by Fund staff of whether structural conditions, and conditionality more generally, are producing the desired outcomes occurs only in the context of periodic Conditionality Reviews and cross-country program reviews, which in practice are spaced five or more years apart. The scarcity of cross-country and thematic analysis limits the ability of the institution to identify weaknesses in the conditionality framework, including in program design, and to learn from experience on a timely basis.

The upcoming Conditionality Review, which is scheduled to be completed late in 2018, provides an opportunity to examine issues explored in this Update and to delve more deeply into topics that were largely beyond its scope. Special attention could be given to understanding the rise in the use of structural conditions from 2011 to 2016, examining the factors affecting compliance and ownership, analyzing trends in the depth and criticality of structural measures, and assessing the broader impact of structural conditionality on policies and performance. The IEO will assess the need for a full evaluation related to program design and conditionality, focusing on structural aspects after considering the results of this forthcoming Review.

APPENDIX 1

MONITORING OF FUND ARRANGEMENTS (MONA)

As described on the IMF website, MONA is the IMF's only electronic database on program design, compliance, and economic targets and developments.[1] As such, MONA contains the Fund's institutional memory and is intended to allow the Fund to respond in a timely manner to questions about individual country experience under Fund-supported programs and to make cross-country comparisons.[2] Information on program goals and reform strategies was introduced in August 2008 in response to the Board-endorsed recommendation in the 2007 IEO evaluation on Structural Conditionality in IMF-Supported Programs.[3]

DESIGN

MONA is primarily comprised of a Data Evaluation Report (DER)—a search tool—and two tabular datasets (By Countries; Arrangements). The DER can calculate the average number of structural conditions per completed review, and can be filtered by country, arrangement, type of condition, or date. It can also calculate compliance rates for structural conditions, using six compliance classifications. This tool displays outputs in the form of tables and graphs, but the results cannot be downloaded into Excel.

The Arrangements dataset can be organized into eight different tables,[4] enabling filtering by IMF arrangement. The By Countries dataset can be filtered by arrangement type, by initial program year, initial and revised end date, and Board action date, test date, and implementation status. These datasets classify conditionality according to 11 economic sectors,[5] which can be

[1] The active MONA website covers Fund arrangements approved since 2002, except six. No explanation is provided on the IMF website for the exclusion of these six arrangements. Data on these six programs is however contained in the archived portion of MONA.

[2] MONA includes information on Fund-supported programs, including precautionary programs (except the Flexible Credit Line, which is not subject to ex post conditionality), as well as non-lending programs such as the Policy Support Instrument and Policy Coordination Instrument. MONA does not provide information related to Staff Monitored Programs, programs supported by first credit tranche arrangements, or the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI), which replaced the earlier emergency assistance for natural disasters and emergency post-conflict assistance. However, when used repeatedly as a bridge to an upper credit tranche ECF, the RCF is subject to conditionality. Additionally, while the RFI provides financial assistance without ex post conditionality or program reviews, prior actions are permitted and have been utilized. These prior actions are not reported in the MONA database.

[3] Goals: economic growth, external stability, macroeconomic stability, and poverty reduction. Reform strategies: fiscal revenue, public expenditure, monetary, inflation, exchange rate, central bank, financial sector, trade, pro-growth, social, enterprise, governance, and other.

[4] These tables are labeled: description (e.g., type of arrangement, approval date, SDR amount, etc.); program goals and reform strategies; purchases; reviews; quantitative performance criteria (QPC); other QPC and indicative targets; structural performance criteria, prior actions, and structural benchmarks (SPCs, PAs, and SBs, respectively); and macroeconomic indicators at the time of program approval and each program review.

[5] General government; central bank; civil service and public employment reforms, and wages; pension and other social sector reforms; public enterprise reform and (non-financial sector) pricing; financial sector; exchange systems and restrictions; international trade policy (excluding customs reforms); labor markets (excluding public sector employment); economic statistics (excluding fiscal and central bank transparency); and other structural measures, including private sector legal and regulatory environment reform, natural resource and agricultural policies, poverty reduction strategy paper development and implementation, and anti-corruption legislation/policy.

further disaggregated by multiple sub-descriptors. These datasets can be downloaded into Excel. Thus, MONA database contains a wealth of information.

According to the IMF website, the MONA database is updated using the results of a staff questionnaire posted to the website typically "a few weeks" following a new arrangement being approved, or a program review under an existing arrangement being concluded, by the Board. In undertaking this Update the IEO found that changes to the MONA database may take place at any time. The dates and nature of such changes are not noted on the website, nor are prior datasets archived in MONA. As a consequence, replicability issues may emerge for users that are both external and internal to the IMF.

USABILITY

Although the website includes a glossary that lists and defines terms, it does not include an explanation of how to use the datasets, which dataset to employ for which purposes (or alternatively, where specific data can be found or not), and how to extract desired data. There is no tutorial to explain how to use MONA's various features/functions. Thus, for example, the user would not be aware that when using the DER, structural conditions are counted for only those program reviews that have been completed. Similarly, structural conditions that have been set but have not yet been assessed, owing to expiration of an arrangement or a program being off track, also are not counted by the DER calculation of the average number of conditions per review. Other limitations include, for example, not being able to search by type of exchange rate regime, economic classification of a country, or IMF access relative to quota.

It is also possible to miss vital information available in the datasets. For example, when viewing the By Countries screen, it is possible to miss an information icon on the table that denotes the inclusion of additional information because the icon is to extreme right and off the screen. These comments may provide key information such as the rationale for the macroeconomic criticality of structural conditions or relate to changes to the design or textual description of structural conditions.

MONA FIELDS AND INFORMATION

IMF structural conditionality may overlap, or its policy expertise be shared with other institutions, such as the World Bank, regional development banks, or other institutions (e.g., European Commission, the ILO). The MONA database has a field to identify the lead institution for each structural condition. The "lead agency" concept was originally developed in the context of Bank-Fund collaboration and thus, the choice was between the IMF and the World Bank. A search of the lead institution field in areas of IMF shared expertise revealed that this field was very rarely populated.[6] When populated, the World Bank was identified.

The economic classification of structural conditions permits their sorting into an institutional (i.e., World Bank) classification as conducted for the 2011 Review of Conditionality.[7] Fund staff has assigned areas of non-core Fund expertise to be only economic statistics, international trade policy (excluding customs reforms), and other structural measures (e.g., judicial reform, natural resources, and agricultural policies).[8, 9] Fund staff recognized in its 2015 Crisis Program Review the present classifications "do not incorporate recent developments in the Fund's expertise and involvement in areas such as judicial reforms

6 The template for the MONA revamp project marks this field as optional.

7 The institutional classification (which can be found in the 2011 Review of Conditionality, Supplement 1, Appendix I) maps the 11 Fund economic sector classifications into core, shared (with the World Bank), and non-core expertise of the Fund. IMF expertise can also be shared with other institutions but a corresponding mapping has not been published by the IMF.

8 The treatment of economic statistics could be viewed as somewhat curious given that the IMF's Statistics Department provides substantial technical assistance and training, promotes the dissemination of timely and comprehensive statistics via various Data Standards Initiatives and, according to the department, possesses expertise in the following statistical areas: national accounts, prices, government finance, monetary and financial data, financial soundness indicators, securities data, and balance of payments and other external data. Of course, the quality of official data remains the responsibility of the member country.

9 As to trade policy, IEO (2009) found that the IMF had scaled back after 2000 its involvement in trade policy issues, especially in the context of conditionality. Executive Directors agreed with the IEO evaluation on the need for a critical mass of trade policy expertise within the Fund. They also welcomed the IEO finding that institutional cooperation with the World Trade Organization (WTO) and World Bank on trade had evolved and should be strengthened further. Against this background, this suggests that trade policy issues could be classified as a shared area with the WTO and World Bank, rather than classified as a non-core area.

where the Fund has increasingly developed and shared its expertise." Given that analysis of structural conditionality by institutional classification is typically contained in policy reviews (e.g., conditionality, LIC facilities, JMAP, etc.), this information could usefully be stored in MONA and made publicly available.

MONA also does not assign a structural depth value to its structural measures nor does it track effectiveness, such as progress in structural reforms following implementation of program structural conditions. While precautionary arrangements are identified in the By Countries and Arrangements datasets, it is not possible to filter the DER by precautionary and non-precautionary arrangement. Such information would allow researchers to replicate findings presented by Fund staff and permit Fund staff and country authorities to track developments and answer questions related to institutional classification of structural conditions.

EFFICACY

The MONA datasets and DER have distinct functions and there is no automated interactivity among them. Similarly, there is no interactivity within either dataset (By Countries, Arrangements); each query must be run separately and results are reported separately. This means, for example, that computational results regarding program goals and reform strategies cannot be checked interactively against conditionality either for an individual program or a group of programs. To analyze this linkage, the user would need to collect and combine the data from each query and examine it. It is not possible to create an automated query, for example, by region, income grouping, economic classification, or exchange rate regime.

Another issue is that some data is entered in MONA's software/template design in a manner that prevents filtering/sorting. For example, the program review test date field is populated by codes rather than dates, which precludes filtering. In other instances, the database simply does not provide certain data such as a flag for off track or fully disbursed programs.

A third issue regards the lack of transparency and replicability risks related to data reporting and analysis methodology. For example, when the DER calculates the average number of structural conditions per review by year, it can be unclear how the results are to be interpreted; specifically, the report may display 0.00 for the average number of structural conditions but this result could mean no conditions or reflect the absence of a completed review—an undefined calculation. MONA does not note that its calculations include only program reviews that have been completed. Where a program has set structural conditions, if a program review was not completed (i.e., delayed), all structural conditions associated with that review date are not counted. This could create reporting anomalies. It could also lead to undercounting of structural conditions approved by the Board and distort results regarding the composition of structural conditionality and compliance rates.

These shortcomings have necessitated Fund staff to supplement MONA results when undertaking analytical work, such as included in its 2011 Review of Conditionality or other thematic program reviews. Such additional efforts mean that MONA is not the time-saving tool for program evaluation that it could be. This problem is compounded because the datasets created for these reviews were not saved in MONA, preventing their use in subsequent reviews, which adds to the staff workload and keeps outside researchers from independently replicating staff results.

Finally, as MONA's name suggests, it is only a tracking/monitoring system. MONA was not designed as an evaluative tool. Consequently, MONA cannot produce assessments of program performance in terms of outcomes relative to targets/goals because of the absence of system wide data interactivity and lack of data linking actual outcomes with program objectives/goals.

Together, the above considerations severely limit the utilization capacity of MONA but could easily be overcome with an updated interactive mainframe design and modest enhancements. This would enable both internal and external stakeholders to more effectively utilize the MONA system and benefit from its calculations, thereby serving to inform possible improvements to the design, implementation, and monitoring of Fund-supported programs and member country reform.

APPENDIX 2

STATISTICAL TABLES

APPENDIX TABLE 2.1. STRUCTURAL CONDITIONALITY (SC) PER REVIEW, 2003–17

YEAR	GRA									GROUP AVERAGE
	SBA			SBA-SCF			EFF			
	SC	Reviews	Average SC	SC	Reviews	Average SC	SC	Reviews	Average SC	
2003	146	19	7.68				15	2	7.50	7.67
2004	177	24	7.38				28	2	14.00	7.88
2005	156	17	9.18				35	1	35.00	10.61
2006	169	15	11.27				2	1	2.00	10.69
2007	123	12	10.25				0	0	0	10.25
2008	62	9	6.89				0	0	0	6.89
2009	161	35	4.60				3	0	0.00	4.71
2010	180	39	4.62	2	0	0.00	11	2	5.50	4.60
2011	108	26	4.15	8	2	4.00	41	6	6.83	4.49
2012	100	15	6.67	2	0	0.00	44	10	4.40	5.84
2013	117	12	9.75	0	1	0	107	17	6.29	7.00
2014	71	13	5.46	3	0	0.00	134	15	8.93	7.17
2015	45	6	7.50	27	3	9.00	114	16	7.13	6.89
2016	38	4	9.50	21	2	10.50	136	13	10.46	9.75
2017	42	6	7.00	4	2	0.00	67	13	5.15	4.91
Before	**771**	**87**	**8.86**	**N/A**	**N/A**	**N/A**	**80**	**6**	**13.33**	**9.15**
After	**701**	**121**	**5.79**	**67**	**10**	**6.70**	**654**	**92**	**7.11**	**6.10**

Sources: MONA database (March 26, 2018); IEO calculations.
Note: The GRA group and "all arrangements" averages include the SBA-ESF. In 2009, the SBA-ESF had one SB and no reviews. In 2010, the SBA-ESF had no structural conditions and one review. The GRA group and "all arrangements" averages include the PCL/PLL, which had no structural conditions. In 2011, the PCL had one review; in 2013–17, the PLL had 2, 1, 2, 1, and 2 review(s), respectively, per year. The PRGF/PRGT group and "all arrangements" averages include the ESF-HAC. In 2008, an ESF-HAC had 4 SBs and no reviews. In 2009, an ESF-HAC had 4 SBs and one review. In 2010, an ESF-HAC had 6 SBs and 2 reviews.
Structural conditions include prior actions, structural benchmarks, and structural performance/adjustment criteria. New structural performance/adjustment criteria were discontinued in 2009.
"Before" refers to the period 2003–07. "After" refers to the period 2010–17.
N/A = not applicable.

	PRGF/PRGT												GROUP AVERAGE	ALL ARRANGEMENTS		
	PRGF/ECF			PRGF-EFF/ECF-EFF			SCF			PSI						
	SC	Reviews	Average SC	SC	Reviews	Average SC	SC	Reviews	Average SC	SC	Reviews	Average SC		SC	Reviews	Average SC
	156	13	12.00										12.00	317	34	9.32
	318	25	12.72										12.72	523	51	10.25
	312	34	9.18							11	0	0.00	9.50	514	52	9.88
	283	42	6.74	28	1	28.00				37	3	12.33	7.57	519	62	8.37
	334	37	9.03	20	2	10.00				55	10	5.50	8.35	532	61	8.72
	227	36	6.31	31	3	10.33				51	8	6.38	6.66	375	56	6.70
	210	30	7.00	13	3	4.33				52	12	4.33	6.07	444	81	5.48
	178	30	5.93	29	4	7.25	10	1	10.00	46	9	5.11	5.85	462	88	5.25
	181	34	5.32	21	6	3.50	9	2	4.50	70	8	8.75	5.62	438	85	5.15
	195	29	6.72	25	5	5.00	12	2	6.00	69	12	5.75	6.27	447	73	6.12
	203	30	6.77	1	1	1.00	4	2	2.00	46	10	4.60	5.91	478	75	6.37
	170	21	8.10				0	1	0	55	8	6.88	7.50	433	59	7.34
	152	20	7.60				0	0	0	48	9	5.33	6.90	386	56	6.89
	158	23	6.87	6	0	0.00	9	0	0.00	48	7	6.86	7.37	416	50	8.32
	117	20	5.85	32	4	8.00	12	2	6.00	27	8	3.38	5.53	301	57	5.28
	1403	**151**	**9.29**	**48**	**3**	**16.00**				**103**	**13**	**7.92**	**9.31**	**2405**	**260**	**9.25**
	1354	**207**	**6.54**	**114**	**20**	**5.70**	**56**	**10**	**5.60**	**409**	**71**	**5.76**	**6.25**	**3361**	**543**	**6.19**

APPENDIX TABLE 2.2. AVERAGE NUMBER OF PRIOR ACTIONS PER REVIEW, 2003–17

YEAR	GRA									GROUP AVERAGE
	SBA			SBA-SCF			EFF			
	PA	Reviews	Average PA	PA	Reviews	Average PA	PA	Reviews	Average PA	
2003	26	19	1.37				1	2	0.50	1.29
2004	42	24	1.75				9	2	4.50	1.96
2005	30	17	1.76				4	1	4.00	1.89
2006	19	15	1.27				2	1	2.00	1.31
2007	22	12	1.83				0	0	0	1.83
2008	6	9	0.67				0	0	0	0.67
2009	30	35	0.86				0	0	0	0.86
2010	28	39	0.72	0	0	0	0	2	0	0.67
2011	27	26	1.04	1	2	0.50	5	6	0.83	0.94
2012	16	15	1.07	0	0	0	3	10	0.30	0.76
2013	16	12	1.33	0	1	0	40	17	2.35	1.75
2014	17	13	1.31	0	0	0	27	15	1.80	1.52
2015	10	6	1.67	1	3	0.33	18	16	1.13	1.07
2016	8	4	2.00	1	2	0.50	16	13	1.23	1.25
2017	9	6	1.50	0	2	0	17	13	1.31	1.13
Before	**139**	**87**	**1.60**				**16**	**6**	**2.67**	**1.67**
After	**131**	**121**	**1.08**	**3**	**10**	**0.30**	**126**	**92**	**1.37**	**1.12**

Source: MONA database (March 26, 2018); IEO calculations.
Note: The GRA group and "all arrangements" averages include the SBA-ESF. In 2010, the SBA-ESF had one PA and no reviews.
The GRA group and "all arrangements" averages include the PCL/PLL, which had no PAs. In 2011, the PCL had one review; in 2013–17, the PLL had 2, 1, 2, 1, and 2 review(s), respectively per year.
"Before" refers to the period 2003–07. "After" refers to the period 2010–17.

	PRGF/PRGT												GROUP AVERAGE	ALL ARRANGEMENTS		
	PRGF/ECF			PRGF-EFF/ECF-EFF			SCF			PSI						
	PA	Reviews	Average PA	PA	Reviews	Average PA	PA	Reviews	Average PA	PA	Reviews	Average PA		PA	Reviews	Average PA
	14	13	1.08										1.08	41	34	1.21
	47	25	1.88										1.88	98	51	1.92
	57	34	1.68										1.68	91	52	1.75
	43	42	1.02	1	1	1.00				0	3	0	0.96	65	62	1.05
	24	37	0.65	0	2	0				0	10	0	0.49	46	61	0.75
	43	36	1.19	3	3	1.00				4	8	0.50	1.15	60	56	1.07
	17	30	0.57	1	3	0.33				1	12	0.08	0.41	49	81	0.60
	19	30	0.63	1	4	0.25	1	1	1.00	0	9	0	0.46	49	88	0.56
	11	34	0.32	2	6	0.33	0	2	0	1	8	0.13	0.28	47	85	0.55
	12	29	0.41	8	5	1.60	0	2	0	1	12	0.08	0.44	40	73	0.55
	26	30	0.87	0	1	0	0	2	0	0	10	0	0.60	82	75	1.09
	20	21	0.95				0	1	0	0	8	0	0.67	64	59	1.08
	22	20	1.10				0	0	0	0	9	0	0.76	51	56	0.91
	23	23	1.00				0	0	0	1	7	0.14	0.80	49	50	0.98
	21	20	1.05	12	4	3.00	0	2	0	0	8	0	0.97	59	57	1.04
	185	**151**	**1.23**	**1**	**3**	**0.33**				**0**	**13**	**0.00**	**1.11**	**341**	**260**	**1.31**
	154	**207**	**0.74**	**23**	**20**	**1.15**	**1**	**10**	**0.10**	**3**	**71**	**0.04**	**0.58**	**441**	**543**	**0.81**

APPENDIX TABLE 2.3. AVERAGE NUMBER OF STRUCTURAL BENCHMARKS PER REVIEW, 2003–17

YEAR	GRA									GROUP AVERAGE
	SBA			SBA-SCF			EFF			
	SB	Reviews	Average SB	SB	Reviews	Average SB	SB	Reviews	Average SB	
2003	72	19	3.79				14	2	7.00	4.10
2004	94	24	3.92				15	2	7.50	4.19
2005	86	17	5.06				21	1	21.00	5.94
2006	98	15	6.53				0	1	0	6.13
2007	75	12	6.25				0	0	0	6.25
2008	43	9	4.78				0	0	0	4.78
2009	116	35	3.31				3	0	0.00	3.43
2010	152	39	3.90	2	0	0.00	11	2	5.50	3.93
2011	81	26	3.12	7	2	3.50	36	6	6.00	3.54
2012	84	15	5.60	2	0	0.00	41	10	4.10	5.08
2013	101	12	8.42	0	1	0	67	17	3.94	5.25
2014	54	13	4.15	3	0	0.00	107	15	7.13	5.66
2015	35	6	5.83	26	3	8.67	96	16	6.00	5.81
2016	30	4	7.50	20	2	10.00	120	13	9.23	8.50
2017	33	6	5.50	4	2	0	50	13	3.85	3.78
Before	**425**	**87**	**4.89**				**50**	**6**	**8.33**	**5.11**
After	**570**	**121**	**4.71**	**64**	**10**	**6.40**	**528**	**92**	**5.74**	**4.92**

Source: MONA database (March 26, 2018); IEO calculations.
Note: The GRA group and "all arrangements" averages include the SBA-ESF. In 2009, the SBA-ESF had one SB and no reviews.
In 2010, the SBA-ESF had no SBs and one review. The GRA group and "all arrangements" averages include the PCL/PLL,
which had no structural conditions. In 2011, the PCL had one review; in 2013–17, the PLL had 2, 1, 2, 1, and 2 review(s), respectively per year.
The PRGF/T group and "all arrangements" averages include the ESF-HAC. In 2008, an ESF-HAC had 4 SBs and no reviews.
In 2009, an ESF-HAC had 4 SBs and one review. In 2010, an ESF-HAC had 6 SBs and 2 reviews.
"Before" refers to the period 2003–07. "After" refers to the period 2010–17.

PRGF/PRGT												GROUP AVERAGE	ALL ARRANGEMENTS		
PRGF/ECF			PRGF-EFF/ECF-EFF			SCF			PSI						
SB	Reviews	Average SB	SB	Reviews	Average SB	SB	Reviews	Average SB	SB	Reviews	Average SB		SB	Reviews	Average SB
100	13	7.69										7.69	186	34	5.47
185	25	7.40										7.40	294	51	5.76
174	34	5.12							6	0	0.00	5.29	287	52	5.52
170	42	4.05	23	1	23.00				23	3	7.67	4.70	314	62	5.06
197	37	5.32	18	2	9.00				34	10	3.40	5.08	324	61	5.31
123	36	3.42	23	3	7.67				34	8	4.25	3.83	227	56	4.05
176	30	5.87	8	3	2.67				47	12	3.92	5.11	355	81	4.38
159	30	5.30	28	4	7.00	9	1	9.00	46	9	5.11	5.39	413	88	4.69
170	34	5.00	19	6	3.17	9	2	4.50	69	8	8.63	5.34	391	85	4.60
183	29	6.31	17	5	3.40	12	2	6.00	68	12	5.67	5.83	407	73	5.58
177	30	5.90	1	1	1.00	4	2	2.00	46	10	4.60	5.30	396	75	5.28
150	21	7.14				0	1	0	55	8	6.88	6.83	369	59	6.25
130	20	6.50				0	0	0	48	9	5.33	6.14	335	56	5.98
135	23	5.87	6	0	0.00	9	0	0.00	47	7	6.71	6.57	367	50	7.34
96	20	4.80	20	4	5.00	12	2	6.00	27	8	3.38	4.56	242	57	4.25
826	**151**	**5.47**	**41**	**3**	**13.67**				**63**	**13**	**4.85**	**5.57**	**1405**	**260**	**5.40**
1200	**207**	**5.80**	**91**	**20**	**4.55**	**55**	**10**	**5.50**	**406**	**71**	**5.72**	**5.67**	**2920**	**543**	**5.38**

APPENDIX TABLE 2.4. AVERAGE NUMBER OF STRUCTURAL BENCHMARKS (SB) AND STRUCTURAL PERFORMANCE CRITERIA (SPC) PER REVIEW, 2003–17

YEAR	GRA									GROUP AVERAGE
	SBA			SBA-SCF			EFF			
	SB/SPC	Reviews	Average	SB/SPC	Reviews	Average	SB/SPC	Reviews	Average	
2003	120	19	6.32				14	2	7.00	6.38
2004	135	24	5.63				19	2	9.50	5.92
2005	126	17	7.41				31	1	31.00	8.72
2006	150	15	10.00				0	1	0	9.38
2007	101	12	8.42				0	0	0	8.42
2008	56	9	6.22				0	0	0	6.22
2009	131	35	3.74				3	0	0.00	3.86
2010	152	39	3.90	2	0	0.00	11	2	5.50	3.93
2011	81	26	3.12	7	2	3.50	36	6	6.00	3.54
2012	84	15	5.60	2	0	0.00	41	10	4.10	5.08
2013	101	12	8.42	0	1	0	67	17	3.94	5.25
2014	54	13	4.15	3	0	0.00	107	15	7.13	5.66
2015	35	6	5.83	26	3	8.67	96	16	6.00	5.81
2016	30	4	7.50	20	2	10.00	120	13	9.23	8.50
2017	33	6	5.50	4	2	2.00	50	13	3.85	3.78
Before	**632**	**87**	**7.26**				**64**	**6**	**10.67**	**7.48**
After	**570**	**121**	**4.71**	**64**	**10**	**6.04**	**528**	**92**	**5.74**	**4.92**

Source: MONA database (March 26, 2018); IEO calculations.
Note: The GRA group and "all arrangements" averages include the SBA-ESF. In 2009, the SBA-ESF had one SB and no reviews. In 2010, the SBA-ESF had no SBs and one review. The GRA group and "all arrangements" averages include the PCL/PLL, which had no SBs. In 2011, the PCL had one review; in 2013-17, the PLL had 2, 1, 2, 1, and 2 review(s), respectively per year. The PRGF/T group and "all arrangements" averages include the ESF-HAC. In 2008, an ESF-HAC had 4 SBs and no reviews. In 2009, an ESF-HAC had 4 SBs and one review. In 2010, an ESF-HAC had 6 SBs and 2 reviews. PSI includes Structural Adjustment Criteria. New structural performance/adjustment criteria were discontinued in 2009.
"Before" refers to the period 2003–07. "After" refers to the period 2010–17.

PRGF/PRGT												GROUP AVERAGE	ALL ARRANGEMENTS		
PRGF/ECF			PRGF-EFF/ECF-EFF			SCF			PSI						
SB/SPC	Reviews	Average	SB/SPC	Reviews	Average	SC	Reviews	Average	SB/SPC	Reviews	Average		SB/SPC	Reviews	Average
142	13	10.92										10.92	276	34	8.12
271	25	10.84										10.84	425	51	8.33
255	34	7.50							11	0	0.00	7.82	423	52	8.13
240	42	5.71	27	1	27.00				37	3	12.33	6.61	454	62	7.32
310	37	8.38	20	2	10.00				55	10	5.50	7.86	486	61	7.97
184	36	5.11	28	3	9.33				47	8	5.88	5.51	315	56	5.63
193	30	6.43	12	3	4.00				51	12	4.25	5.65	395	81	4.88
159	30	5.30	28	4	7.00	9	1	9.00	46	9	5.11	5.39	413	88	4.69
170	34	5.00	19	6	3.17	9	2	4.50	69	8	8.63	5.34	391	85	4.60
183	29	6.31	17	5	3.40	12	2	6.00	68	12	5.67	5.83	407	73	5.58
177	30	5.90	1	1	1.00	4	2	2.00	46	10	4.60	5.30	396	75	5.28
150	21	7.14				0	1	0	55	8	6.88	6.83	369	59	6.25
130	20	6.50				0	0	0	48	9	5.33	6.14	335	56	5.98
135	23	5.87	6	0	0.00	9	0	0.00	47	7	6.71	6.57	367	50	7.34
96	20	4.80	20	4	5.00	12	2	6.00	27	8	3.38	4.56	242	57	4.25
1218	**151**	**8.07**	**47**	**3**	**15.67**				**103**	**13**	**7.92**	**8.19**	**2064**	**260**	**7.94**
1200	**207**	**5.80**	**91**	**20**	**4.55**	**55**	**10**	**5.50**	**406**	**71**	**5.72**	**5.67**	**2920**	**543**	**5.38**

APPENDIX TABLE 2.5. AVERAGE NUMBER OF STRUCTURAL CONDITIONS PER REVIEW IN CURRENCY UNIONS, 2003–17

YEAR	CURRENCY UNION								
	CEMAC			ECCU			Euro		
	SC	Reviews	Average	SC	Reviews	Average	SC	Reviews	Average
2003	0	0	0	13	2	6.50			
2004	21	2	10.50	6	2	3.00			
2005	39	3	13.00	9	2	4.50			
2006	27	3	9.00	20	2	10.00			
2007	54	4	13.50	0	0	0			
2008	27	3	9.00	12	2	6.00			
2009	32	6	5.33	7	2	3.50			
2010	17	2	8.50	20	3	6.67	14	2	7.00
2011	3	2	1.50	17	1	17.00	55	8	6.88
2012	0	0	0	52	6	8.67	36	7	5.14
2013	0	0	0	30	3	10.00	78	12	6.50
2014	4	0	0.00	10	3	3.33	39	5	7.80
2015	5	2	2.50	14	2	7.00	7	2	3.50
2016	13	2	6.50	5	2	2.50	0	1	0
2017	29	4	7.25	4	1	4.00	0	0	0
Before	**141**	**12**	**11.75**	**48**	**8**	**6.00**	**N/A**	**N/A**	**N/A**
After	**71**	**12**	**5.92**	**152**	**21**	**7.24**	**229**	**37**	**6.19**

Source: MONA database (March 26, 2018); IEO calculations.
Notes: Structural conditions include prior actions, structural benchmarks, and structural performance/assessment criteria.
New structural performance/assessment criteria were discontinued in 2009.
CEMAC = Central African Economic and Monetary Community; ECCU = Eastern Caribbean Currency Union;
WAEMU = West African Economic and Monetary Union.
"Before" refers to the period 2003–07. "After" refers to the period 2010–17.
N/A = not applicable.

				COMPARE								
	WAEMU			Currency Unions (All)			Currency Unions (excluding euro)			All Others		
	SC	Reviews	Average	SC	Reviews	Average	SC	Reviews	Average	SC	Reviews	Average
	11	0	0.00	24	2	**12.00**	24	2	12.00	293	32	**9.16**
	16	2	8.00	43	6	**7.17**	43	6	7.17	480	45	**10.67**
	58	6	9.67	106	11	**9.64**	106	11	9.64	408	44	**9.27**
	41	7	5.86	88	12	**7.33**	88	12	7.33	431	58	**7.43**
	46	6	7.67	100	10	**10.00**	100	10	10.00	432	66	**6.55**
	56	14	4.00	95	19	**5.00**	95	19	5.00	280	47	**5.96**
	72	13	5.54	111	21	**5.29**	111	21	5.29	333	64	**5.20**
	58	10	5.80	109	17	**6.41**	95	15	6.33	345	71	**4.86**
	66	12	5.50	141	23	**6.13**	86	15	5.73	291	63	**4.62**
	68	8	8.50	156	21	**7.43**	120	14	8.57	291	54	**5.39**
	69	8	8.63	177	23	**7.70**	99	11	9.00	301	53	**5.68**
	67	9	7.44	120	17	**7.06**	81	12	6.75	320	44	**7.27**
	66	7	9.43	92	13	**7.08**	85	11	7.73	301	44	**6.84**
	60	8	7.50	78	13	**6.00**	78	12	6.50	338	38	**8.89**
	49	11	4.45	82	16	**5.13**	82	16	5.13	219	41	**5.34**
	172	**21**	**8.19**	**361**	**41**	**8.80**	**361**	**41**	**8.80**	**2044**	**245**	**8.34**
	503	**73**	**6.89**	**955**	**143**	**6.68**	**726**	**106**	**6.85**	**2406**	**408**	**5.90**

APPENDIX TABLE 2.6A. STRUCTURAL CONDITIONALITY DISTRIBUTION, BY ECONOMIC SECTOR CLASSIFICATION, 2003–07

SECTOR	NUMBER OF SBs/SPCs	SHARE OF ALL SBs/SPCs, BY ECONOMIC SECTOR (in percent)	GRA	SHARE OF GRA CONDITIONS (in percent)	PRGF	SHARE OF PRGF CONDITIONS (in percent)
General government, excluding trade policy	948	45.9	244	35.0	704	51.4
Central bank	121	5.9	26	3.7	95	6.9
Civil service, public employment/wages	104	5.0	32	4.6	72	5.3
Pension and other social sector	71	3.4	52	7.4	19	1.4
Public enterprise/pricing (non-financial)	196	9.5	61	8.7	135	9.9
Financial sector	409	19.8	195	27.9	214	15.6
Exchange systems/restrictions	14	0.7	9	1.3	5	0.4
International trade policy	18	0.9	5	0.7	13	0.9
Labor markets, excluding public sector	13	0.6	11	1.6	2	0.1
Economic statistics, excluding fiscal/ central bank transparency	34	1.6	6	0.9	28	2.0
Other structural measures	139	6.7	57	8.2	82	6.0
Total	**2067**	100	**698**	100	**1369**	100

Sources: MONA database (March 26, 2018); IEO calculations.
Note: SBs = structural benchmarks; SPCs = structural performance criteria (including structural assessment criteria).
Does not include prior actions.
GRA = General Resources Account; PRGF = Poverty Reduction and Growth Facility, Policy Support Instrument.

APPENDIX TABLE 2.6B. STRUCTURAL CONDITIONALITY DISTRIBUTION, BY ECONOMIC SECTOR CLASSIFICATION, 2010–17

SECTOR	NUMBER OF SBs	SHARE OF ALL SBs, BY ECONOMIC SECTOR (in percent)	GRA	SHARE OF GRA CONDITIONS (in percent)	PRGT	SHARE OF PRGT CONDITIONS (in percent)
General government, excluding trade policy	1686	57.7	550	47.2	1136	64.4
Central bank	206	7.1	80	6.9	126	7.1
Civil service, public employment/wages	72	2.5	29	2.5	43	2.4
Pension and other social sector	68	2.3	47	4.0	21	1.2
Public enterprise/pricing (non-financial)	234	8.0	128	11.0	106	6.0
Financial sector	477	16.3	250	21.4	227	12.9
Exchange systems/restrictions	22	0.8	13	1.1	9	0.5
International trade policy	5	0.2			5	0.3
Labor markets, excluding public sector	11	0.4	11	0.9	11	
Economic statistics, excluding fiscal/ central bank transparency	37	1.3	1	1.1	36	2.0
Other structural measures	102	3.5	57	4.9	45	2.5
Total	**2920**	100	**1166**	100	**1765**	100

Sources: MONA database (March 26, 2018); IEO calculations.
Note: SBs = Structural benchmarks. Does not include prior actions.
GRA = General Resources Account; PRGT = Poverty Reduction and Growth Trust, Policy Support Instrument.

APPENDIX TABLE 2.7A. STRUCTURAL CONDITIONALITY COMPLIANCE, BY TYPE OF IMF EXPERTISE, 2003–07

	NUMBER OF SBs/SPCs		SBs/SPCs MET AT TEST DATE (share, in percent)		SBs/SPCs, BY TYPE OF EXPERTISE (share, in percent)		SHARE MET AT TEST DATE, BY TYPE OF EXPERTISE (in percent)
Core	1182		55.5		57.2		61.7
GRA		457		46.4		22.1	
PRGF		725		61.2		35.1	
Shared	697		45.3		33.7		29.7
GRA		174		48.9		8.4	
PRGF		523		44.2		25.3	
Non-core	188		48.9		9.1		8.6
GRA		67		38.8		3.2	
PRGF		121		54.5		5.9	
Total	**2067**				**100**		**100**

Sources: MONA database (March 26, 2018); SPR, "Guide to Classification of Structural Conditionality" (2009) and "Institutional Classification of Structural Conditionality" (2011); IEO calculations.
Note: SBs = Structural benchmarks; SPCs = Structural performance criteria (including structural assessment criteria). Does not include prior actions.
GRA = General Resources Account; PRGF = Poverty Reduction and Growth Facility, Policy Support Instrument.

APPENDIX TABLE 2.7B. STRUCTURAL CONDITIONALITY COMPLIANCE, BY TYPE OF IMF EXPERTISE, 2010–17

	NUMBER OF SBs		SBs MET AT TEST DATE (share, in percent)		SBs, BY TYPE OF EXPERTISE (share, in percent)		SHARE MET AT TEST DATE, BY TYPE OF EXPERTISE (in percent)
Core	2021		58.2		69.2		70.2
GRA		843		59.2		28.9	
PRGT		1178		57.5		40.3	
Shared	756		55.2		25.9		24.9
GRA		265		60.4		9.1	
PRGT		491		52.3		16.8	
Non-core	143		57.3		4.9		4.9
GRA		58		56.9		2.0	
PRGT		85		57.6		2.9	
Total	**2920**				**100**		**100**

Sources: MONA database (March 26, 2018); SPR, "Guide to Classification of Structural Conditionality" (2009) and "Institutional Classification of Structural Conditionality" (2011); IEO calculations.
Note: SBs = structural benchmarks. Does not include prior actions. GRA = General Resources Account; PRGT = Poverty Reduction and Growth Trust, Policy Support Instrument.

APPENDIX TABLE 2.8A. STRUCTURAL CONDITIONALITY COMPLIANCE, BY ECONOMIC SECTOR CLASSIFICATION, 2003–07

SECTOR	NUMBER OF SBs/SPCs	MET AT TEST DATE (share, in percent)	GRA	MET AT TEST DATE (share, in percent)	PRGF	MET AT TEST DATE (share, in percent)
General government, excluding trade policy	948	56.6	244	47.5	704	59.8
Central bank	121	61.2	26	53.8	95	63.2
Civil service, public employment/wages	104	48.1	32	56.3	72	44.4
Pension and other social sector	71	40.8	52	46.2	19	26.3
Public enterprise/pricing (non-financial)	196	42.9	61	49.2	135	40.0
Financial sector	409	44.0	195	42.6	214	45.3
Exchange systems/restrictions	14	78.6	9	77.8	5	80.0
International trade policy	18	66.7	5	60.0	13	69.2
Labor markets, excluding public sector	13	38.5	11	36.4	2	50.0
Economic statistics, excluding fiscal/ central bank transparency	34	55.9	6	50.0	28	57.1
Other structural measures	139	45.3	57	36.8	82	51.2
Total	2067	**51.5**	698	**46.3**	1369	**54.1**

Sources: MONA database (March 26, 2018); IEO calculations.
Note: SBs = Structural benchmarks; SPCs = Structural performance criteria (including structural assessment criteria).
Does not include prior actions.
GRA = General Resources Account; PRGF = Poverty Reduction and Growth Facility, Policy Support Instrument.

APPENDIX TABLE 2.8B. STRUCTURAL CONDITIONALITY COMPLIANCE, BY ECONOMIC SECTOR CLASSIFICATION, 2010–17

SECTOR	NUMBER OF SBs	MET AT TEST DATE (share, in percent)	GRA	MET AT TEST DATE (share, in percent)	PRGT	MET AT TEST DATE (share, in percent)
General government, excluding trade policy	1686	56.4	550	57.8	1136	55.7
Central bank	206	70.9	80	73.8	126	69.0
Civil service, public employment/wages	72	50.0	29	65.5	43	39.5
Pension and other social sector	68	61.8	47	61.7	21	61.9
Public enterprise/pricing (non-financial)	234	50.4	128	51.6	106	49.1
Financial sector	477	58.7	250	61.2	227	55.9
Exchange systems/restrictions	22	63.6	13	69.2	9	55.6
International trade policy	5	40.0	0	N/A	5	40.0
Labor markets, excluding public sector	11	54.5	11	54.5	0	N/A
Economic statistics, excluding fiscal/ central bank transparency	37	73.0	1	100.0	36	72.2
Other structural measures	102	52.0	57	56.1	45	95.6
Total	2920	**57.4**	1166	**59.3**	1754	**57.3**

Sources: MONA database (March 26, 2018); IEO calculations.
Note: SBs = structural benchmarks. Does not include prior actions.
GRA = General Resources Account; PRGT = Poverty Reduction and Growth Trust, Policy Support Instrument; N/A = not applicable.

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STATEMENT BY THE MANAGING DIRECTOR

ON THE INDEPENDENT EVALUATION OFFICE REPORT ON STRUCTURAL CONDITIONALITY IN IMF-SUPPORTED PROGRAMS—EVALUATION UPDATE

I thank the Independent Evaluation Office for preparing this informative and timely update on the 2007 report on structural conditionality in Fund-supported programs. I am pleased to note that the Update concludes that some progress was made in streamlining structural conditionality and concur that ongoing challenges need our continued attention.

The period covered by the Update includes the global financial crisis and its aftermath, admittedly a much different environment from the period covered in the 2007 IEO report. The global crisis was an acute and systemic crisis, and its aftermath was characterized by persistent and deep-seated structural challenges, requiring large-scale and long-lasting adjustment. Addressing these problems in a low-growth environment turned out to be particularly difficult. Fund-supported programs increasingly focused on structural reforms to facilitate adjustment and secure more durable growth.

I am pleased with the report's finding that some progress was made in streamlining structural program conditionality and that conditions were more focused in the areas of IMF expertise. Mindful of the fact that each program is tailored to address specific country circumstance, our forthcoming *Review of Conditionality and Program Design of Fund-Supported Programs*, scheduled for late 2018, will attempt a deeper analysis of this topic.

The Fund has already begun to address the challenges highlighted in the report. For example, to further strengthen cooperation with other institutions, the IMF has adopted general guidance on the design of Fund-supported programs in currency unions (2018) and on strengthening cooperation between the IMF and regional financing arrangements (2017). The IMF is also revamping the database on Monitoring Fund Arrangements ("MONA") to improve its usability.

Other recommendations presented in the Update are being considered in ongoing policy reviews. The *Review of Conditionality* will take up issues such as increasing program ownership or reducing the stigma of Fund programs, and improving the mapping of structural conditionality to macroeconomic objectives in program documents. In addition, ways for more effective collaboration with the World Bank and other development partners will be explored in the *Review of Conditionality*, and the *Guidance Note on Social Safeguards and Program Design in PRGT and PSI-Supported Programs* (expected in June 2018).

Let me end by thanking the IEO for this informative and timely report. Its findings will undoubtedly provide useful insights into our work going forward.

STRUCTURAL CONDITIONALITY IN IMF-SUPPORTED PROGRAMS
EVALUATION UPDATE 2018

ISBN-13: 978-1-48435-303-5