

Introduction

1. This report presents the evidence and findings of an evaluation of the effectiveness of IMF interactions with member countries. It is being issued at a critical juncture for the international monetary system, when the IMF has adopted a more flexible approach to lending, and been given important new responsibilities and a major injection of resources to help members deal with the global financial crisis. Implementation of the new roles will present major challenges, as will maintaining traction when the crisis subsides, and with it the demand for the Fund's quick response role, in which it has traditionally been effective.

2. Against this background, this report highlights the evaluation's findings and lessons learned most relevant to the tasks that lie ahead for the Fund. It does so through the lenses of the evaluation's two main questions: (i) whether interactions between the IMF and its member countries were effective and (ii) whether they were well managed. It focuses on interactions during 2001–08, with special attention to 2007–08. It covers interactions with the entire membership; for analytic purposes, it uses three main country groups—advanced economies, emerging economies, and Poverty Reduction and Growth Facility (PRGF)–eligible countries.

3. In conducting the evaluation, the team examined evidence covering a wide variety of IMF experience and country circumstances, triangulating across data sources where possible (see Box 1). Interview and documentary evidence was gathered and analyzed for 49

case study countries, including interviews with officials and IMF staff working on those countries. Surveys polled country authorities and civil society in member countries, and IMF staff. Special studies explored selected themes, and in the course of their work, evaluation team members visited selected countries to follow up on issues that had surfaced in preliminary interviews with country officials at IMF headquarters or in written responses to questionnaires. Interviews also were conducted in several non-case-study countries in conjunction with IEO visits for different purposes. The team drew on the evidence of previous IEO evaluations.

4. The structure of this main report is as follows. Chapter 2 summarizes the evidence on the effectiveness of the IMF's interactions with country authorities. Chapter 3 summarizes the evidence on interactions with other in-country stakeholders, and Chapter 4, the evidence on whether interactions were well managed. Chapter 5 draws conclusions and makes recommendations. Annex 1 profiles the country groups used in the analysis.¹ Companion papers on the three main country groups consider the evaluation's evidence and analysis in more depth.

¹The evaluation also covers interactions with selected territorial entities that are not states as understood by international law but which maintain regular interactions with the IMF. Throughout this report, the term "country" refers to both member countries and these selected territories.

Box I. Evaluation Building Blocks

Motivation for the evaluation. This evaluation is motivated by the central importance of the IMF's interactions with member countries to the institution's ability to achieve its goals, and by the persistence of criticisms from country authorities, staff, and outside observers.¹ Also relevant, aspects of interactions and their shortcomings have been recurring themes in past IEO evaluations. As the nature of interactions with member countries has evolved in recent years, and more changes are in prospect, it is timely to review past practices and lessons learned as inputs into future strategies and actions.

Definition of interactions. For purposes of the evaluation, interactions are defined to include exchanges of information, analysis, and views between IMF officials and country authorities, or other people or entities in member countries. They include the policy dialogue between the authorities and staff in the context of surveillance and financial and monitoring programs, as well as capacity building. They also include informal contacts with the authorities that can build mutual understanding and trust. They involve interactions with others, including parliamentarians and civil society, as they affect that key relationship between the authorities and staff.

Evaluation scope. In defining its scope, the evaluation starts with the IMF's results chain, which includes as critical ingredients: (i) the quality of the Fund's analysis, advice, and assistance; (ii) its interactions with member countries; and (iii) its impact on country policies, and in due course, on outcomes. Within this results chain, the evaluation focuses on the middle stage of interactions. In so doing, the evaluation does not ignore the other two stages of the results chain—the quality of analysis and impact on policy directions and outcomes—but it does not address them in depth. The evaluation also looks at three instruments in the management of interactions—strategy, staffing, and relationships; it asks how and how well the Fund calibrated each to promote effective interactions.

Definition of effectiveness. The evaluation considers interactions to be effective to the extent that they contribute to the overall purposes of the IMF as established in the Articles of Agreement and Executive Board

policies. Those policies countenance a range of roles for interactions, from the identification of risks to external stability for the benefit of the international community as a whole, to the provision of advice and related services for the benefit of individual countries. The evaluation does not equate effectiveness with maintaining smooth and harmonious relations at all times.

Measurement of effectiveness and related properties. The evaluation polled the country authorities and IMF staff on their perceptions of the overall effectiveness of IMF interactions in each country. It also polled them on the relevance and effectiveness of ten different IMF roles—in contributing, for example, to the development of domestic policy frameworks or to international policy coordination—and about the quality of various aspects of interactions. The resulting data were used to construct composite indicators of interactions for comparing the Fund's role relevance, role effectiveness, quality, strategic alignment, and overall perceived effectiveness across five country subgroups—the large and other advanced economies, the large and other emerging economies, and the PRGF-eligible countries.

Evidentiary sources. The evaluation relied on three main data sources—surveys, interviews, and internal documents. Each of these three sources is covered in a companion background technical document which sets out how the data were obtained and analyzed, and catalogues its findings, albeit in very summary form with a view to protecting confidential sources. Survey responses were received from representatives of the authorities in 129 countries, and civil society representatives in 159 countries. Eight hundred and thirty staff members responded to the survey working on 170 countries. The interview evidence, which was focused on the 49 case-study countries, was gathered in face-to-face and telephone meetings with about 300 country officials and stakeholders and IMF staff members. The document review involved the reading of internal documents delivered to IEO by the IMF's five area departments for the 49 case-study countries for the entire 2001–08 evaluation period. To manage possible interpretation and measurement risks associated with individual pieces of evidence, the evaluation triangulated across the individual sources of evidence and applied judgment when different sources suggested different answers.

¹See IEO (2008).