



Evidence from the Triennial Surveillance Reviews and Other IMF Studies

2008 Triennial Surveillance Review

In a survey of authorities in which they were asked how well surveillance had contributed to their understanding of various policy areas, fewer than half felt that the Fund had made a major contribution in any single area. The fiscal and financial vulnerability areas received relatively higher marks (about 45 percent of respondents were satisfied), while its advice on exchange rate regimes and policies was rated somewhat lower (about 30 percent of respondents were satisfied). Interviewed authorities believed that data modeling was given too much weight in exchange rate analyses. More generally, some authorities noted that Fund advice would have more value-added if it included more country-specific institutional dimensions. Nevertheless, in TSR interviews with authorities, “almost all those interviewed said IMF surveillance added significant value.” Such conflicting results suggest the need for a deeper examination of the issues.

2011 Triennial Surveillance Review

The 2011 TSR also relied on a survey and interviews with authorities.¹ Survey respondents agreed that, in the aftermath of the global crisis, Fund advice had been timely and had taken into account changing conditions. The majority of respondents felt that the discussion of risks and the degree of candor in their latest Article IV consultation were appropriate. Regarding changes in the policy advice in specific areas, authorities felt that Fund advice had improved in the area of financial sector issues and risk assessments. However, they did not

perceive an improvement in the areas of exchange rate analysis and the management of capital flows. Consistent with the results found in 2008, “tailoring policy advice to country circumstances” was the main area of bilateral surveillance where respondents felt the IMF needed to improve.

Interviewees gave IMF staff good marks for their interactions before consultation missions, efforts to respond to requests for background material, efforts to increase outreach to the general public, and help in bringing different government agencies into a collective process of assessing policy challenges. Nearly all the interviewed authorities welcomed the Fund’s increased transparency, yet most still believed that tensions had not been resolved between the dual roles of the Fund as confidential advisor and ruthless truth-teller.

Views varied on the value-added of bilateral surveillance. Many authorities thought the main value-added was the provision of an integrated view, that enabled policymakers to focus on policy interconnections. Some of the larger shareholders, however, felt that Article IV discussions seldom provided new insight and policy options. Some felt that the advice given during bilateral surveillance was too generic (technical assistance and FSAP missions were viewed as doing a better job in this regard). Fund advice was also sometimes seen as “too reflective of the traditional Washington Consensus approach based on intellectual and institutional models prevailing in the US and UK.” Authorities would have liked to see more attention given to the implications of regional and international developments for their countries; in their view, Article IV missions demonstrated only limited knowledge of such possible developments. Others would have liked to see more focus on structural and social issues and their link to the budgetary challenges their countries faced.

A number of authorities from emerging markets and low-income countries felt that Fund staff needed to be more aware and sensitive to institutional and social conditions specific to their countries. Some interviewees,

¹The survey response rates for both the 2008 and 2011 TSRs were only about a third, with the responses for the 2011 TSR heavily weighted toward European countries (e.g., the response rate for Africa was only 15 percent). The interviews were conducted during the Spring Meetings and included a few officials from 20 countries, almost half of which were advanced economies; only 2 were LICs.

especially from smaller countries, believed that mission chiefs arrived in the country with strong pre-formed views, reluctant to change even in the face of new evidence. Such mission chiefs seemed fearful of deviating from the approved brief. Several authorities also noted that Fund advice would more likely be accepted if there was a perception of evenhandedness in surveillance, adding that the Fund remained too uncritical of the policies of major shareholders.

EXR Survey of Selected Countries

Between 2009 and 2011, the IMF External Relations Department undertook qualitative opinion research in a small sample of countries in Latin America, Asia, and Europe to assess key stakeholders' perceptions of the Fund.² The research—based on interviews with a random sample of opinion makers—focused on the IMF's overall image, strengths and weaknesses; effectiveness

during the financial crisis; and potential role in the future at the country and global level. Where the Fund had contributed with programs during the crisis period, stakeholders felt the Fund had moved speedily and flexibly, combining well its technical expertise with financing. The Fund was perceived as collaborative and adaptable to the circumstances. They acknowledged the Fund's increased openness and its contribution in terms of cross-country knowledge and training. In Asia and Latin America, however, the responses were more mixed. In Asia, there were lingering perceptions that the Fund is "Western-centric" and needs to re-establish its relevance as a key voice in the region. In Latin America—where attitudes varied widely among countries—there was still a view that Fund advice was overly rigid and influenced by a US/Euro/Western-centric tradition, that the Fund's monitoring/watchdog function was limited to developing and emerging countries, and that it lacked the influence on advanced industrial economies needed to reform. In both regions, the perception of an equal playing field was seen as critical for the future.

²The interviews were conducted by phone.