

Executive Summary

The IMF carries out its mandate to foster macroeconomic stability and thereby facilitate prosperity by promoting the adoption of sound policies and international cooperation. Ultimately, the means to achieve these goals is to have Fund policy advice translated into concrete action. Key to achieving such traction is the relationship between Fund staff and member country authorities, together with the quality of the advice and members' confidence in it. That is, the Fund needs to be seen as a trusted advisor.

This evaluation examines in what circumstances the Fund is viewed as a trusted advisor to its member countries. It uses evidence gathered since 2005, but emphasizes the period since the onset of the global crisis in 2007–08. Because the concept of trusted advisor is “in the eyes of the beholder,” the evaluation derives the main attributes from country authorities themselves.

The degree to which the Fund is viewed as a trusted advisor is found to differ by region and country type, with authorities in Asia, Latin America, and large emerging markets the most skeptical, and those in large advanced countries the most indifferent. But in the aftermath of the global crisis, the Fund's image has improved markedly, and the Fund is now viewed as more flexible and responsive than in the past. The evaluation explores how the IMF can sustain this more positive image when the crisis abates, while recognizing that tensions will always exist between the Fund's roles as a watchdog of the global and individual economies and as a trusted advisor to member countries.

The evaluation's recommendations aim to address some long-standing problems that undermine trust in the Fund and other key challenges identified by this evaluation. Among these:

- To enhance the value and relevance of the Fund's advice, Article IV mission teams should consult early with country authorities on their key areas of interest; share with them the major policy issues, macroeconomic framework, and preliminary policy lines prior to the mission; and work closely with them on a country-specific outreach strategy. The Fund should reduce unwarranted disclosure concerns, so Fund staff can act as a sounding board for authorities.
- To strengthen the continuity of the relationship between Fund staff and members, the staff, in consultation with country authorities, should develop a country-specific medium-term strategic plan and promote an ongoing dialogue and close working relationship with Executive Directors. The Fund should develop incentives for staff that make their role as trusted advisors an important part of their performance.
- To help address concerns about lack of evenhandedness, the Fund should incorporate early and openly the views of all countries during the preparation of its major policy papers and implement its transparency policy in a consistent and fair manner.

The Fund's recent reform efforts and initiatives, spurred in part by the global crisis, provide an opportunity for the institution to address some of the findings identified by this evaluation. But to ensure that these reforms truly take root in the culture of the institution will require close monitoring and accountability by all IMF stakeholders over an extended period.