

INDEPENDENT EVALUATION OFFICE COMMENTS ON MANAGEMENT AND STAFF RESPONSES TO THE EVALUATION OF THE ROLE OF THE IMF AS TRUSTED ADVISOR

Executive Board Meeting
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The IEO would like to thank the Managing Director for her statement, and, in particular, her recognition that the evaluation provides useful input to the ongoing efforts to strengthen the quality and traction of the Fund's advice to its members. At the same time, we would like to clarify a few issues that, in view of the staff response, require further elaboration:

- First, the evaluation's analysis is not based on outdated evidence—it is based on the evaluation's interviews and surveys, and staff documents up through 2012. Thus, the issues identified by the evaluation remain highly relevant for the Fund and still need to be addressed.
- Second, the IEO analysis does not assume that the Fund's role in bilateral surveillance is purely advisory. On the contrary, it explicitly acknowledges throughout the report that a key mandate of the Fund is to oversee members' compliance with their obligations under the Articles of Agreement (the watchdog role). Indeed, the trade-off between the watchdog and trusted advisor roles of the IMF is a central element of the evaluation. The evaluation makes clear that being a trusted advisor can help the Fund fulfill its mandate by enhancing acceptance of the Fund's advice, but that there are also tensions between these two roles that, if reduced, can strengthen the Fund's effectiveness.
- Third, much of the evidence comes from almost 400 interviews of country authorities, many of which conveyed more negative views of the Fund than might seem the case from the survey results. Furthermore, even the survey results regarding value-added and relevance, for example, show that 45 percent of the survey respondents in all countries

still perceived the IMF as having a one-size-fits-all approach not appropriate to their country, with the figure rising to 90 percent for the large emerging markets. These and other findings from the survey and interviews point at the need for further action.

- Fourth, the evaluation does have evidence on the authorities' reluctance to use the Fund as a sounding board to discuss sensitive issues such as hypothetical courses of action, costs and benefits of options, and possible risks. A key reason for this reluctance is the uncertainty regarding whether these discussions will be disclosed. This is a true loss because the Fund falls short in its role in helping shape policy decisions of member countries at an early stage.

In this context, the report has six “big picture” recommendations, with the overall aim of strengthening the Fund's engagement with its membership:

- Enhance the value-added of Article IV consultations for country authorities;
- Strengthen the continuity of the relationship between the Fund and member countries;
- Incorporate early and openly the views of all countries during the preparation of major policy papers on which analytical debate is still ongoing;
- Reduce unnecessary disclosure concerns;
- Work closely with country authorities to design a customized outreach strategy; and
- Implement the Fund's transparency policy in a uniform and fair manner.

The IEO acknowledges that there are various ways to operationalize these recommendations. The IEO

believes that the most productive approach is to discuss a range of options that address the spirit and intent of the “big picture” recommendations, and not to get trapped in a too-narrow focus on the specifics of a particular recommendation.

The IEO hopes that this evaluation’s findings and recommendations—and the discussion spurred by the report—will help strengthen the Fund’s role as a trusted advisor to its membership, a goal clearly supported by all stakeholders in the institution.