

In the Eyes of Country Authorities

14. What does it mean for the Fund to be a trusted advisor? And for whom? As noted earlier, this evaluation focuses primarily on the Fund as trusted advisor to its individual member countries (at the bilateral level), since policy is implemented at the national level. But the Fund's surveillance mandate to underpin global economic and financial stability nevertheless suggests the importance of developing trust with the wider constituency of global stakeholders (at the multilateral level). Chapter 5, Section B discusses some of the trade-offs and complementarities that arise from attempting to build trust at both the bilateral and multilateral levels.

15. Because, ultimately, the concept of a trusted advisor is “in the eyes of the beholder,” this evaluation derived the main attributes of a trusted advisor from the opinions of country authorities themselves. During the interviews, authorities were asked: How would you define a trusted advisor in the context of an institution like the Fund?⁸

16. Their responses show that a trusted advisor should:

- Provide an environment for a candid policy dialogue that allows for a free exchange of views. This entails both an institutional and an individual perspective—the atmosphere created by (i) the context/institutional framework for interaction; and (ii) staff behavior.
- Offer advice that has value-added and relevance, but also provides a range of policy options and risk assessments when there are no simple answers.
- Practice evenhandedness and objectivity (i.e., be an unbiased “honest broker”).

- Achieve the right balance between confidentiality and transparency (i.e., straddling the fine line between trusted confidant and, in J.M. Keynes's words, “ruthless truth-teller”).

17. Clearly, the concept of trusted advisor is a multidimensional one, incorporating both institutional and individual features. There is also a time dimension to gaining trust. Sometimes a trusted advisor may need to provide unwelcome advice that, in the short term, might appear to undermine trust, but over the longer term could pay dividends in increasing trust, if the advice turns out to be right.⁹

18. Country authorities acknowledged the difference between being an expert and a trusted advisor, noting that the Fund needs to be both to be effective. In their view, an expert is a knowledgeable individual who tells you what to do by providing answers and analysis, while a trusted advisor is all that plus a good listener who synthesizes information and asks useful questions. A trusted advisor's relationship is more collaborative, providing both insights and expertise. And a trusted advisor has the best interest of the country in mind and can be a true confidant, when needed.

19. Whether the Fund is perceived as a trusted advisor depends partly on exogenous factors, including a country's history with the Fund and such characteristics as a country's level of development, region, political ideology, and culture. Authorities characterized some of these issues as the “legacy” of past dealings with the Fund and the political “stigma” of accepting IMF advice (or conditionality when borrowing from the Fund). Thus, the concept of trusted advisor may vary somewhat from country to country.

⁸ Annex 4 provides the individual views, in their own words, of four representative IMF stakeholders (a country authority, an Executive Board member, a mission chief, and a resident representative) as to what they think constitutes a trusted advisor in the context of the IMF.

⁹ IEO (2011a) provides examples of where the Fund should have given tougher messages in its Article IV consultations. If the Article IV missions at the time had drawn clear attention to the troubles and dangers ahead, discussions might have been more difficult in 2007, but would likely have increased trust in the Fund's advice in the longer term.