- Management should clarify expectations—and resource availabilities—for the interactions of resident representatives and missions chiefs with local donor groups and civil society.

How are the IMF Executive Board and Management responding to the evaluation's recommendations?

The IMF Executive Board and Management broadly supported the evaluation's recommendations. Executive Directors clarified and reaffirmed existing policies on forecasting aid and the use of alternative aid scenarios, the spending and absorption of aid, and the formulation of "adjusters" in PRGF-supported programs. They also underscored the importance of complementing greater policy clarity with measures to ensure that IMF communications are consistent with IMF policies and practices, and of strengthening staff interactions with local donor groups and civil society.

Questions remain about Management's plans for monitoring and evaluating the implementation of the recommendations. The next Board review of the PRGF is scheduled for 2010. To maximize impact on staff behavior and institutional accountability, an explicit monitoring framework will be needed well before then, setting out benchmarks for measuring and assessing IMF performance.

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The IMF and Aid to Sub-Saharan Africa

Questions and Answers

Established in July 2001, the Independent Evaluation Office (IEO) provides objective and independent evaluation on issues related to the IMF. The IEO operates independently of IMF management and at arm's length from the IMF's Executive Board. Its goals are to enhance the learning culture within the IMF, strengthen the IMF's external credibility, promote greater understanding of the work of the IMF throughout the membership, and support the Executive Board's institutional governance and oversight responsibilities.

The IMF and Aid to Sub-Saharan Africa

The Independent Evaluation Office (IEO) evaluated the IMF's role and performance in the determination and use of aid to low-income countries in Sub-Saharan Africa (SSA) during 1999-2005. The evaluation considered evidence from 29 Sub-Saharan African countries that used the Poverty Reduction and Growth Facility (PRGF). This Facility is the Fund's main operational instrument in Africa; it was introduced in 1999 to replace the Enhanced Structural Adjustment Facility (ESAF).

What were the main conclusions of the evaluation?

The evaluation found ambiguity and confusion about IMF policies and practices on aid and poverty reduction in Sub-Saharan Africa—both inside and outside the institution. IMF practices on the macroeconomics of aid were generally in line with Fund policies, but poorly communicated. In other aspects of the aid and poverty reduction agenda, the Fund portrayed its practices as more proactive than they were or than the Board had committed to. The evaluation concluded that the Fund should be clearer and more candid about its undertakings on aid and poverty reduction in low-income countries, and more assiduous, transparent, and accountable in implementing them.

Did IMF-supported programs block Sub-Saharan Africa's use of aid?

The evaluation found that for countries with low inflation (under 5-7 percent) and adequate international reserves (over 2 ½ months of imports), PRGF-supported programs accommodated the spending of incremental aid. In other countries, they typically programmed at least part of the additional aid to be saved—to retire domestic debt and/or build international reserves.

How did Fund programs analyze and affect the availability of aid?

PRGF programs catalyzed available aid through their macroeconomic assessments and support for country efforts to improve fiscal governance. But Fund staff were not proactive in mobilizing aid resources. They generally did not analyze additional policy and aid scenarios beyond the most likely ones or assess aid requirements for meeting national growth and development objectives. Nor did they share their findings with the authorities and donors, or discuss with donors additional aid opportunities where country absorptive capacity exceeded projected aid flows. The evaluation found IMF policy in these areas unclear.

Did IMF operations in Sub-Saharan Africa actually change with the PRGF and its "Key Features"?

PRGFs promoted fiscal governance and pro-poor budgets and—in parallel with improving macroeconomic performance—programmed greater use of available aid. But they did not promote pro-growth budgets, adequately integrate poverty and social impact analysis, or estimate aid levels needed to enhance growth and poverty reduction. Fewer than 40 percent of IMF staff surveyed thought PRGF-supported programs had been influenced by PRSPs, and fewer than half thought that PRGFs focused on poverty reduction.

How well has the Fund communicated in Sub-Saharan Africa?

Fund staff generally communicated well with the authorities in ministries of finance and central banks, albeit with notable exceptions. Communications with local donors and civil society were less systematic. The IMF was slow to recognize the implications of the shift by bilateral donors to budget support and their decentralization to country offices. Staff also missed opportunities to reach out to local civil society. Meanwhile, institutional communications oversold what the Fund had committed to do—and did—on aid and poverty reduction, even as they undersold its contributions on macroeconomic stability, fiscal governance, and debt relief.

What should be done to improve things?

The evaluation recommended that:

- The Executive Board should reaffirm and/or clarify IMF policies on thresholds for the accommodation of additional aid, the mobilization of aid, alternative aid scenarios, the use of poverty and social impact analysis, and pro-poor and pro-growth budget frameworks.

- IMF Management should establish transparent mechanisms for monitoring and evaluating the implementation of the clarified policy guidance—including with respect to the necessary collaboration with the World Bank—and ensure that institutional communications are consistent with Fund policies and operations.