

**Statement by the Managing Director on the
Independent Evaluation Office Report on Revisiting the
2004 IEO Evaluation of the IMF'S Role in PRSPs and the PRGF and
the 2007 IEO Evaluation of the IMF and Aid to Sub-Saharan Africa**

I would like to thank the Independent Evaluation Office (IEO) for preparing this helpful and informative report, which provides an update on the progress made in enhancing the IMF's engagement with low-income countries (LICs) in the period since the original IEO evaluations were conducted in 2004 and 2007. I broadly concur with the findings of this follow-up report and have taken note of the issues identified as warranting continued high-level attention.

The IMF's engagement with LICs has evolved significantly over the past twenty years. In the early 1990s, the preponderance of LICs faced deep-seated economic problems that could be addressed only through a combination of stability-oriented macroeconomic policies, important structural reforms, and, in many cases, comprehensive debt relief. While some LICs remain constrained by social divisions and fragilities, the LIC group as a whole has recorded strong growth for an extended period, with an accompanying decline in poverty levels and improvement in key human development indicators.

Against this background, I welcome the IEO's findings that the IMF has enhanced its engagement with LICs over time, including through the 2009 reform of our facilities for LICs and an increased focus on protecting social and other priority spending in IMF-supported programs and surveillance work. I would also note that the volume of technical assistance and training provided to low income members has increased significantly since 2008.

While the IEO's assessment is generally encouraging, management and staff are committed to further improving the services for our LIC membership. Looking ahead, we shall continue to focus on providing customized policy advice across the range of issues within the IMF's mandate, standing ready to provide financial support in a flexible manner, and assisting countries in building institutional capacity through technical assistance and training.

The IEO report identifies three strategic areas that merit continued high-level attention, with which I broadly agree.

- *Strengthening IMF support for broad-based growth, poverty reduction, and social safety net programs* is an ongoing task. Among recent initiatives, we have enhanced the analytical and operational toolkits available to country teams by issuing staff guidance notes on the promotion of jobs and growth and on working effectively on small states and fragile states. Analytical work on issues related to growth, income inequality and fiscal policy, including energy subsidy reform, structural transformation and diversification, and the macroeconomic management of natural resource wealth has also been expanded; a toolkit on the analysis of export composition and the scope for

diversification in developing countries has recently been prepared and made available to the wider public. We see merit in further enhancing the follow-up on priority spending floors, including by reviewing periodically the quality of these expenditures, their implementation, and results. We also agree on the importance of integrating poverty and social impact analysis into PRGT program design. While the Fund has limited resources to conduct such analysis, we will need to ensure that country teams draw more systematically on the work of other agencies, whenever available.

- *Maintaining strong collaboration with the World Bank*, including drawing on its expertise on poverty-related issues, remains a top priority for the Fund. The IMF has long-standing close ties with the Bank and a well-established framework for cooperation. Of course, there is always room to do better and now may be a good time to look again at how to strengthen our engagement in the wake of the significant restructuring undertaken at the Bank. We are mindful of the implications for IMF operations posed by the Bank's decision to eliminate the requirement of Poverty Reduction Strategy Papers (PRSPs)—a document that has, in the past, been a pillar of Bank-IMF engagement in LICs. Supporting poverty reduction has been, and will continue to be, a key element of programs supported by our concessional lending facilities: staff is currently reviewing options for ensuring that the tight links between poverty reduction and access to the IMF's concessional resources are maintained, while adjusting some of the operational modalities. A proposal on this issue will be brought to the Executive Board for consideration in the coming months.
- *Enhancing external communications and dialogue with LICs*, especially on issues related to program design and the implications for growth and poverty reduction, remains a major objective, to ensure that the Fund better understands and tailors its policy advice to country needs and circumstances. As the report rightly points out, we have already invested significant resources in this area and have made concrete progress in the effectiveness of our outreach efforts in Sub-Saharan Africa, both at the country level and in engaging with a broader set of external stakeholders. The success of two major outreach conferences in Africa in 2009 and 2014 has highlighted the value of promoting an inclusive dialogue among stakeholders at the regional level. We will continue to build on these positive experiences in the future, including by adapting our approach to the rapidly changing media landscape and expanding the use of new media tools—including social media—as discussed in the recent review of the IMF's communications strategy.

To sum up, management and staff remain fully committed to maintaining a strong emphasis on poverty reduction and growth in our operational and analytical work with LICs. We will also look at every opportunity to further enhance our collaboration with the World Bank and strengthen our communication efforts with all stakeholders.